

***INTERNAL CONTROL EFFECTIVENESS OF PUBLIC
UNIVERSITIES IN ETHIOPIA
(A CASE STUDY AT JIMMA UNIVERSITY)***

PROPOSED BY:

KENENISALEMI (INVESTIGATOR)

MATEWOSKEBEDE (CO-INVESTIGATOR)

***A RESEARCH PAPER SUBMITTED TO JIMMA UNIVERSITY,
COLLEGE OF BUSINESS AND ECONOMICS COMMUNITY BASED
EDUCATION, POST GRADUATE AND RESEARCH AND
PUBLICATION OFFICE COORDINATOR***

March, 2013

Jimma, Ethiopia



Abstract

The objective of this study was to assess the effectiveness of internal control system of public universities in Ethiopia by taking Jimma University as a case study. Theoretical framework of internal control suggested by COSO which included Control environment, Risk assessment, Control activities, information and communication, and monitoring as components of effective Internal control were used to guide the study. To conduct the research, both primary and secondary data were used. To gather primary data, a questionnaire survey was administered. A questionnaire developed on the basis of the study framework was pilot tested and commented by the staffs in the accounting department of Jimma University. The final questionnaires were distributed to academic and administrative staffs of the university selected using a quota sampling. Out of 318 questionnaires 203 were fully responded and used in the analysis. Based upon the fully responded questionnaires 72.40% of the respondents are administrative staffs and the remaining 27.60 % are academic staffs. Further, secondary data including, Journals, auditors' report, minutes of external auditors exit meeting with university management, manuals and working documents were considered to support data gathered through questionnaire survey. Qualitative and quantitative data analysis techniques were employed. The result of the study showed that, the internal control system of the university has some weakness with respect to each component of internal control. The major finding behind the ineffectiveness of internal control system that requires the management attention as per the study includes: low level of employee awareness as to the mission and vision of their organization, handling jobs without a clear guideline and understanding of the job descriptions, inadequately staffed work units, lack of training on professional ethics in the area of procurement, finance and resource management, loss control on efficient utilization of resource including vehicles, drugs, medical supplies and other resources of the university. Low level of lower level managers participation on planning and inability of identifying risks associated with execution of the plan which makes managers busy in crises management instead of taking proactive actions. Lack of proper communication and coordination between administrative and academic process managers, mainly finance and human resource departments do not exchange data concerning employment status and there is a problem of effectively controlling payroll and non-payroll related pavements. Further in the management of asset as well, there is no periodic and regular counting and also timely and proper disposal of retired assets. The monitoring aspect of the internal control is also associated with weakness out of which comparison of budget and actual performance is not conducted at all level. Even though the university established a clear structure and communication channels, there is no swift flow of information through different levels and organs of the organization. The current study focused on a single university and used a descriptive analysis technique. Hence, future study that incorporated large number of universities and follow explanatory study design need to be conducted to know the major challenged and to improve internal control system of public universities in the country.

TABLE OF CONTENT

ABSTRACT	I
TABLE OF CONTENT	II
ABERRATIONS	IV
LIST OF TABLES.....	V
CHAPTER ONE.....	1
INTRODUCTION	1
1.1. Background of the study.....	1
1.2. Statement of the Problem and Rationale for the Study.....	3
1.3. Basic Research Questions and objective of the Study.....	4
In line with the objective the study tried to answer the following basic research questions:.....	4
CHAPTER TWO.....	5
LITERATURE REVIEW AND THEORETICAL FRAMEWORK.....	5
2.1. Control Environment.....	6
2.2. Risk Assessment	7
2.3. Control Activities.....	7
2.4. Information & Communication.....	8
2.5. Monitoring	9
2.6. Measuring Effectiveness of Internal Control System.....	10
CHAPTER THREE	12
RESEARCH DESIGN AND METHODOLOGY	12
3.1. Research Design.....	12
3.2. Population for the Study	12
3.3. Sampling Technique.....	12
3.4. Method of Data Collection	13
3.5. Data Analysis Technique.....	14
CHAPTER FOUR	15
RESULTS AND DISCUSSION.....	15
4.1. Analysis of Documents related with internal control system of Public universities in Ethiopia	15
4.2. Demographic Background of the Respondents.....	18
4.3. Variability of Response across Demographic Background	19

4.4. The Relation of Demographic Variables with Control Activities.....	21
4.4.1. Control over payroll related payments	21
4.4.2. Control over non payroll Payments	22
4.4.3. Control over Assets	24
4.4.4 Human Resource Management	24
4.4.5. Information and Communication	25
4.4.6 Monitoring	26
4.5. Employees attitude towards the Effectiveness of Internal control In Jimma University.....	27
4.5.1. Control Environment	27
4.5.2. Risk Assessment.....	30
4.5.3. Control Activities	32
CHAPTER FIVE.....	48
SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	48
5.1. SUMMARY OF THE FINDINGS.....	48
5.2. CONCLUSIONS.....	52
5.3. RECOMMENDATIONS.....	53
References	55

ABREVIATIONS

COSO-	Committee of Sponsoring Organization
IC-	Internal Control
JU-	Jimma University
EICS-	Effective Internal Control System
INTOSAI-	The International Organization of Supreme Audit Institutions
OFAG:	Office of Federal Auditor General
MDG:	Millennium Development Goal
MOE:	Ministry of Education
GDP:	Gross Domestic Product
FEACC:	Federal Ethics and Anti-Corruption Commission

LIST OF TABLES

PAGE

Table 4.1. Demographic background of the respondents.....	18
Table 4.2. Variation of response towards effectiveness of control environment.....	19
Table 4.3. Variation of response against risk assessment practice	20
Table 4.4. Variation of response towards effectiveness of control over payroll related payments.....	21
Table 4.5. Variation of response towards effectiveness of control on non-payroll payments.....	22
Table 4.6. Variation of response towards effectiveness of assets management practice	24
Table 4.7. Variation of response towards effectiveness of control over human resource practice.....	25
Table 4.8. Variation of response towards effectiveness of information and communication.....	26
Table 4.9. Variation of response towards monitoring practice.....	27
Table 4.10. Employees' attitude towards control environment	28
Table 4.11. Attitude of respondents' towards risk assessment practice.....	31
Table 4.12. Attitude of employees over payroll related payments control.....	33
Table 4.13. Employees' response towards non-payroll related payments.....	36
Table 4.14. Employees' response towards assets management practice.....	38
Table 4.15. Employees' response towards human resource management practice.....	41
Table 4.16. Employees' response towards information and communication.....	43
Table 4.17. Employees' attitude towards monitoring system	45
Table 4.18. Effectiveness of overall internal control.....	46

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

“Internal control is a management tool used to provide reasonable assurance that management objectives are being achieved.” (Guidelines for Internal Control Standards, INTOSAI, 2004)

Managers are primarily responsible to establish an effective internal control for their organizations so as to discharge their stewardship responsibility over the use of government resource. The role of managers promoting effective internal control system is paramount importance in ensuring effective internal control system. This is because the way managers understand the need for designing and implementing and management and internal control system, built it in the organizational facility, communicating it well to the employees, strictly adhering to it and ensuring that it is accepted as organizational culture and value can result in either strong or lax internal control.

As explained on the COSO integrated internal control guideline, developed by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the united states of America and highly adapted and adopted by other countries both in the private and public sector,

“Internal control is broadly defined as a process, effected by the entity’s board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Effectiveness and efficiency of operations.
2. Reliability of financial reporting.
3. Compliance with applicable laws and regulations.”

As pointed out by Angella & Eno.L (2009) the absence of or weak internal control were identified as the cause for organizational failure. Similarly, Natan (2011) also argued the importance of internal control especially in public organizations where resource required to serve the public interest is limited, but misused and embezzled. The importance of internal control in public sector is very significant for efficient and effective utilization of public money and delivering acceptable service to citizenry.

Effective internal control in public sector, as pointed out by (Angella & Eno.L, 2009; Natan, 2011) are a timey issue especially in developing countries in Africa where the rate of public sector corruption shockingly high. Along other public sector control mechanisms, effective internal control system can enhance transparency and accountability in public sector promotes efficiency.

First stated on COSO (1992) and accepted by INTOSAI (1992) effectiveness of internal control system, both in private and public entities, is a function of five interrelated components, viz: control environment, risk assessment, control activities, information and communication, and monitoring. Effectiveness in each component can be reflected on the others as they are integrated and determine the overall effectiveness of the internal control system.

The effectiveness of internal control is subjective and the prerequisite across entity may vary depending upon organizational size, objective, nature of the business, ownership and other factors Ge&McVay, (2005), Ashbaugh e t al. (2007), Doyle et al. (2007) as cited in Karen Ton, (2009). COSO integrated internal control framework(COSO, 1994), Enterprise Risk Management - Integrated Framework (COSO, 2004), the Guidelines for Internal Control Standards for the Public Sector (INTOSAI, 2004) similarly argued that effectiveness of IC should be evaluated within a particular context of an entity, but the result always must confirm the internal control system is properly designed as a management control to get reasonable assurance whether “the organizations objective are achieved in, ethical, economical, efficient and effective operation; the management demonstrates fulfillment of accountability obligation and compliance with rules and regulations.

However, internal control remained for long period in the domain of accounting and auditing research, the mounting corporate collapse in the developed (Enron, WorldCom, layman brothers, and others) and developing countries (Tiland, south Africa, Nigeria), and off course the 2008 global financial and economic crises that erupted from internal control and corporate governance deficiencies in US financial corporations made the issue live academic discourse in other related disciplines such as finance and economics. This due to the need for revitalizing internal control and governance is not questionable, but compared to private sector the coverage of literatures in public sector are few, perhaps available not well disseminated. Especially in least developing countries in sub-Saharan Africa that are known with inefficient and corrupt public sector empirical studies could contribute to improve public sector efficiency, but so far as our review effort, we came across with a few studies (Angella & Eno.L, 2009); hence, apart from pinpointing limitations of IC system in Ethiopian public



universities and forward some ways for improvement, the current study fills the void in the literature and triggers further comprehensive studies.

1.2.Statement of the Problem and Rationale for the Study

Higher education is crucial for the production of vital human resources for achieving socio-economic development of the nation. It is also a center for knowledge and skill creation, adoption and dissemination. These and other objectives of higher education can be attained with the presence of not only adequate resources but also with effective utilization of human, material (movable and fixed) and financial resources. With regard to the presence or availability of the resources Ethiopia's focus on education for the accomplishment of the MDG forces the government to allocate substantial amount to the education sector in general and higher education in particular. According to MOE report (2010), Ethiopia's investment on higher education has been growing over past years and reached 4.0 percent of its GDP.

V. J. Ravishankar et al (2010) witnessed that, Ethiopia spends a high share of GDP on education by international standards, relative to her level of per-capita income. It spends significantly more than India, whose per-capita income is almost four times as much, and only a little less than South Africa whose per-capita income is more than 14 times that of Ethiopia. Budgeting huge amount of financial resource may not ensure the efficiency of performance and attainability of the educational objective of the country as a whole. Rather, to achieve the objectives, the resources should be utilized and miss utilization of resources should be mitigated. As reported by the Office of Auditor General, who conducted audit of institutions under the federal government, most of audited entities perpetually failed to maintain auditors' expectations. The OFAG report (2011) revealed that, of 71 organizations only 5 organizations it issued unqualified (clean) audit report. This is because in most of the organizations the internal control system is lax and the management failed to fully discharge their stewardship responsibility to the government money. As per the same report most organizations, including ministry of education and some universities under its desecration are exposed to adverse irregularities in procurement handling, financial mismanagement, and/or poor property management.

As it is known, the ministry of education is giving due attention to higher education sector and much of the resource is being allocated to it. Therefore, the utilization of these resources to meet the objective is the focal point. Hence, to enable higher education achieve their objectives, there should be a strong internal control that can provide reasonable assurance that the management discharges its responsibility through ethical, efficient, effective operation and delivery of quality service to citizens.

This study, therefore, motivated to assess the effectiveness of public universities in Ethiopia by taking Jimma University as a case study.

1.3. Basic Research Questions and objective of the Study

The objective of this study was to assess the effectiveness of internal control system of public universities in Ethiopia by taking Jimma University as a case study

In line with the objective the study tried to answer the following basic research questions:

1. What are the major problems that Jimma University in relation to its internal control?
2. Is the control environment is conducive?
3. Is there trend of identifying major risks that the university will be facing?
4. Is there segregation and separation of duties among employees?
5. What are activities carried out within the University for monitoring the operations?
6. Is there good system of information and communication aiding control over the university's resources?

CHAPTER TWO

LITREATURE REVIEW AND THEORETICAL FRAMEWORK

Internal control is broadly defined as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- *Effectiveness and efficiency of operations;*
- *Reliability of financial reporting;*
- *Compliance with applicable laws and regulations.*(COSO 1994 as cited by Amudo & Inanga, 2009).

The importance of effective and efficient Internal Control system is commonly agreed concept on corporate management and public administration theories. The advent of corporate scandals and accounting and auditing failure in the developed and developing countries((Amudo & Inanga, 2009) as well as the prevalence of corruption, lack accountability has trigger more academic studies and took the attention of legislators and regulators across the world. Professional bodies in accounting and auditing have also been checking their code of professional ethics and rules and procedures related to undertaking duties related to ensuring effectiveness of Internal Control system .

While internal control is a process, its effectiveness is a state or condition of the process at one or more points in time. Effective internal control system can serve various purposes that help managers and the board to ensure that the objective of the entity is achieved efficiently and effectively in a legally and ethically acceptable procedures. Effective internal control system is therefore, a means through which management and board discharge their responsibility and report acceptable financial, operational and compliance reports.

An effective internal control system builds five interrelated components of internal control system throughout the process the organizations conduct business. The components as per the COSO framework are: “ control environment, risk assessment, control activities, monitoring, and information and communication. (COSO,1994; INTSO,2004;Amudo & Inanga, 2009)

2.1. Control Environment

The COSO framework suggests that, the foundation of an effective system of internal control is a strong control environment, one that can be described as having management and the organization's governing body (e.g., board of directors) committed to competence, integrity, and valuing the assignment of responsibility over internal control.

The control environment provides an atmosphere in which people conduct their activities and carry out their control responsibilities. It serves as the foundation for the other components. Within this environment, management assesses risks to the achievement of specified objectives. Control activities are implemented to help ensure that management directives to address the risks are carried out. Meanwhile, relevant information is captured and communicated throughout the organization. The entire process is monitored and modified as conditions warrant (COSO, 1994 P: 17).

The updated internal control evaluation guideline for supreme audit institution (INTOSAI, 2004) which takes the COSO framework as starting point suggests that, effective internal control and existence of the five interrelated elements of effective internal control system is vital to government organizations so that the public money can be used efficiently to pursue the stated objectives of the entity. Like the COSO framework, the INTOSAI guideline also argued on the effectiveness of Control Environment that affects the overall effectiveness of the system. The effectiveness of control environment can be evaluated by taking the following factors:

- (1) *The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control at all times throughout the organization;*
- (2) *Commitment to competence;*
- (3) *The “tone at the top” (i.e. management’s philosophy and operating style);*
- (4) *Organizational structure;*
- (5) *Human resource policies and practices.* (INTOSAI, 2004.P:17)

Other literatures also suggested that, effective control environment integral component of EIC and argued that to ensure that the control environment serve the intended purpose the board and management at the top should take the leadership and create an environment where competent people understand their responsibilities, the limits to their authority, commit themselves to do what is right and doing it the right way. To ensure that the control environment favors effective internal control, it is

suggested on the literature that the management should prepare and communicate an internal control guideline and professional code of conduct and exercise continuous follow-up and monitoring that organization's policies procedures and its ethical and behavioral standards are in place. (Denise Dickins n.d).In general Weakness at the “tone at the top,” could be associated with almost all part of the organization (Haskins 1987: P 543, Basu et al 1997 P: 90 as cited by LembiNorvee 2006 P: 21), hence management and the board must take into account all the suggested factors relevant to effective control environment.

2.2. Risk Assessment

The second component of EIC as per COSO framework is risk assessment, which, according to COSO (1994) and Denise Dickins (n. d), is the key element of an effective internal control framework that helps in identifying and analyzing the risk that influence the realization of control objective.

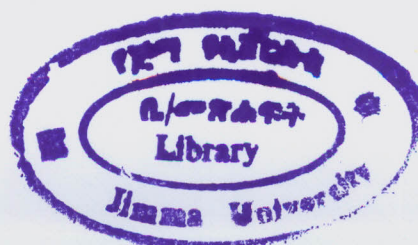
Risks affect each entity's ability to survive; successfully compete within its industry; maintain its financial strength and positive public image; and maintain the overall quality of its products, services and people. There is no practical way to reduce risk to zero. Indeed, the decision to be in business creates risk. Management must determine how much risk is to be prudently accepted, and strive to maintain risk within these levels.

Risks are assessed through management's awareness of the environment in which it operates and its direct involvement with the day to day operations. Management at different level of the organization is expected to identify internal and external risk to their operation and strategic objective, measure its impact and plan appropriate risk reduction or mitigation strategies.

2.3. Control Activities

Control activities refer to policies, procedures and practices that assure management that objectives are achieved and risk mitigation strategies are carried out effectively. There are potentially many control activities in the organization: including both manual and automated controls. COSO framework suggested that control activities relate to policies and procedures pertaining to the segregation of duties, information processing, physical control and performance reviews (Arens et al., 2006, p. 280).

Bishop, W. G., III (1991), Colbert, J. L., et al., (1996) and Galloway, D. J. (1994) argue that Control activities are the policies and procedures that assist in ensuring that management directives are successfully implemented. They provide the means to address the various risks that may hinder the



achievement of the organization's objectives. In essence, control activities are established in response to perceived risks.

In the context of public organizations the need for designing and implementing rigor control activities across the organizational process can serve as a proactive action to deter frauds and irregularities which are common in public administration process in least developing countries, which is popular in a corruption and lack of transparency (Amudo & Inanga, 2009).

The INTSO Guideline that tried to tailor existing wisdom of COSO integrated internal control framework to the context of public organizations identified activities pervasive to effectiveness of control activities, listed below:

1. *be appropriate (that is, the right control in the right place and commensurate to the risk involved);*
2. *function consistently according to plan throughout the period (that is, be complied with carefully by all employees involved and not bypassed when key personnel are away or the workload is heavy);*
3. *be cost effective (that is, the cost of implementing the control should not exceed the benefits derived);*
4. *be comprehensive, reasonable and directly relate to the control objectives*

(INTOSAI, 2004:p.29)

2.4. Information & Communication

Availability of reliable and timely information is essential for well functioning of an organization. Hence the literature so far reviewed in the same tone argued that information and communication are essential elements of a good internal control system as a smooth flow of instructions and guidelines from the top and performance reports and quires for clarity to the top are important to have effective internal control and achieve the entity's objective (COSO, 1994; INTOSAI, 2004; Amudo & Inanga, 2009). Therefore, having effective information and communication facilities that recorded and report business events and transactions and deliver financial and operational performance reports enable to run an effective control of operation and ensure that organizational objectives are achieved as planned. Further the information system must be in a position to gather external information pertinent to operation of the organization for the consumption of management decision. The operation and performance of public organization usually interests various external parties most importantly legislators, regulators and the general public, hence effective information and communication system

is the one that enables an entity to report to external stakeholders to show that their expectations are addressed and the organization complies to all applicable legal frameworks. (COSO, 1994; INTOSAI, 2004)

Effectiveness of information and communication system as part of Internal Control can be affected by various factors, among which on the study aimed at evaluating internal control effectiveness of public sector projects financed by the African development bank in Uganda who considered the COSO and other recent internal control frameworks asked, whether “Key criteria for evaluating performance are not identified, collected and communicated; Employees do not understand their control responsibilities” as basic research questions. Consistent with the literature the effectiveness of information and communication can be judged in light of its contribution to provide employees with direction and guidelines and possibility of managers to have reliable and timely report on organizational performances.

In general all relevant internal and external information should be identified, properly documented and timely communicated to intended users.

2.5. Monitoring

The monitoring component of effective internal control refers to a process of assessing the quality of controls. It covers ongoing and periodical evaluations of the external supervision of internal controls by management or other parties outside the process. Monitoring ensures that controls are operating as intended and that they are modified appropriately to cater for changes in conditions (Arens et al., 2006, p. 283).

Once established, control activities must be monitored to ensure their operating effectiveness (i.e., that the controls are working) and efficiency (i.e., the controls selected remain cost-beneficial). Monitoring activities might include periodic assessments of the effectiveness of internal controls by managers, internal auditors, and external auditors, and communications between those parties and the board of directors. Monitoring can be effected on an ongoing basis in daily operation, through separate evaluation or using both. In order to take early measures on identified internal control deficiencies, it is suggested that exercising ongoing monitoring and taking immediate action. The effectiveness of ongoing monitoring procedure to detect and correct limitations in specific internal control activities and risk responses can reduce the possible risk and the frequency and depth of separate evaluation. (COSO, 2004)

2.6. Measuring Effectiveness of Internal Control System

Effectiveness has been presented as a necessary dependent variable in contingency research as it provides the means to determine the appropriate fit between control and organizational variables (Langfield-Smith, 1997; Otley, 1980). The definition of the effective internal control system is taken from the internal control frameworks; for example COSO (1994) states that internal control can be judged to be effective when the board of directors and management have reasonable assurances that: they understand the extent to which the entity's operations objectives are being achieved, published financial statements are being reliably prepared, and the applicable laws and regulations are being complied with. Thus, the effectiveness of internal control is defined in terms of management's perceptions of how well the internal control objectives are achieved.

Bishop, W. G., III (1991), point out that, internal control must be evaluated in order to provide management with some assurance regarding its effectiveness. Internal control evaluation involves everything management does to control the organization in the effort to achieve its objectives. Internal control would be judged as effective if its components are present and function effectively for operations, financial reporting, and compliance. Internal stakeholders the board, management and internal auditor as well as individual employees are responsible to ensure that the internal control system is operating as intended.

Following the growing internal governance and internal control failure in corporate world in developed and developing countries as well as the prevailing high rate of corruption in public sector in most of the developing countries, evaluation of internal control effectiveness has got the attention of academics and research. (Angella & Eno, L, 2009). Researches that aimed to evaluate the effectiveness of internal control are nonarguably useful on providing feedback to the management and other responsible authority to design and implement an internal control structure that can ensure that the organization's objectives attained in a legally founded process and operation that can go in line with the policies, procedures, and other applicable regulatory framework.

The growing number of research in evaluating effectiveness of internal control system either in private (Angella & Eno, L, 2009), public organizations used different research strategies of quantitative and qualitative nature founded in accounting and auditing theories. Both the theories in IC and empirical studies so far reviewed depended on Internal control effectiveness guidelines developed by the "Committee of Sponsoring Organizations of the Treadway Commission, a group of several accounting

organisations.”(INTOSAI, 2004) That published a significant study on internal control titled Internal Control – Integrated Framework in 1992 which comonly refered as COSO.(ibid)

The COSO frame work entails limitation. For example, Angella & Eno. L (2009) critisized that, the framework ignored the impact of information technology on contemporary organizations. To fill this void Agella & Eno. L(2009) concidered recently developed internal control framework in the process of developing theorthical framework to evaluate internal control effectiveness in public sector projects suported by African Developement bank in Uganda.

Regardless of the critics by the former researchers, international organization of Suprime Audit institutions, which an assoiation consists of governement audit institutions in different part of the world, also adopted the COSO frame workto be used in evaluating effectiveness of governement instiutions in 1992.

In 2001, INCOSAI decided to update the 1992 INTOSAI guidelines on internal control standards to take into account all relevant and recent evolutions in internal control and to incorporate the concept of the COSO report titled Internal Control – Integrated Framework in the INTOSAI document.

By implementing the COSO model in the guidelines, the Committee not only aims at updating the concept of internal control, but also attempts to contribute to a common understanding of internal control among SAIs. It is self-evident that this document takes into account the characteristics of the public sector. This prompted the Committee to consider some additional topics and changes

The current study informed by the review of relevent litreature flolowed a theorthical framework that assumed that effectiveness of internal control system in public organization should be evaluated to ensure that the five major commponents of an effective Internal control sytem: control enviroment, risk assement, control activities, information and communication built in the management of an organization. It is assumed that the five components are tailored to the context of public university in ethiopia and are effective in ensuring atainment of internal control objectives.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter presents general approach to the study, the methods and methodology employed in undertaking the study.

3.1. Research Design

The study was aimed at assessing the internal control effectiveness of public universities in Ethiopia in general and Jimma University in particular thereby identifying the major challenges and forward ways for improvement. As pointed on the problem statement, there is lack of empirical evidence on the topic which makes this study new in its type. Therefore, an exploratory descriptive case study design was adopted, so as to conduct a detail analysis of a single case in a ways that the lesson can be inferred for other similar universities as well. According to (Kumar, 2005), case study design provides an opportunity for intensive analysis of many specific details of a case so as to made generalization that will be applied to other cases of similar type. Out of eight large universities that take substantial portion of higher institution budget of the nation for running their existing programs and undertaking massive expansion, Jimma University was taken as a case study. Jimma university merest to be the case, due to the fact that, on one hand, it is our experience in this university that trigger us for initiation of the study, and on the other hand, the eight universities relatively operates under the same operational and administration framework, which is considered as an opportunity of completing a the study at a less cost without compromising the possibility of generalization.

3.2. Population for the Study

The nature of the study is evaluative with a case study design; therefore, it requires triangulation of data gathering techniques and source, so as to incorporate attitude and opinion of different groups and individual interacting and involving in the system. Hence, the target population of the study encompasses (1) Jimma University employees (2) key informant individuals.

3.3. Sampling Technique

The management of the university is organized in to administrative and academic Wings. From the academic employees, management at six colleges and institution such as: Dean, department heads, different office coordinators who have direct or indirect relation with the internal control was taken in to account based on judgmental sampling technique.

The administrative wing of the University has two categories according to the current structure of the university viz the administrative staff at college level and administration staffs at the center. From the

college administration, office bearers as signatories were included. Accordingly, College of public health and Medical science was represented by both administrative and academic staffs of 32, college of Agriculture and veterinary medicine was represented by 12 respondents, college of social science and law, was represented by 13 respondents, college of business and economics was represented by 10, college of engineering and technology being represented by 15, 13 samples from college of Natural and computational science and 7 samples from institution and education and professional development were taken based up on quota sampling depending on the number of positions available in each college by presuming that, administrative and academic staffs at college who held managerial position can provide better information.

The other group of the administrative employees is the centrally functioning one. According to the data from the central human resource department, there are total of 505 central administrative employees.

From these a sample of 218 employees was selected by applying the following formula.

$$\frac{Z^2(pq) * N}{e^2 (N-1) + z^2 pq}$$

Where

- ✓ n is the required sample size
- ✓ N is the population size
- ✓ p and q are the population proportions set at 0.5 each.
- ✓ z is the value that specifies the level of confidence. Typically set at 95%, in which case z is set to 1.96.
- ✓ e sets the accuracy of a sample proportions set at an accuracy of plus or minus 5%

Accordingly,

$$n = \frac{(1.96)^2 * 0.5 * 0.5 * 505}{(0.05)^2 * (505-1) + (1.96)^2 * 0.5 * 0.5} = 218$$

Therefore, the total numbers of respondents approached were $100 + 218 = 318$ academic and administrative staffs of which 203 had filled and returned the questions correctly.

3.4. Method of Data Collection

The study requires both primary and secondary data. First a desk research had been undertaken to gather secondary data pertinent to the study from various sources. The secondary data sources mainly include books, journals and periodical in the subject matter, rules and regulations related to the internal control mechanism of public organizations in Ethiopia, public universes internal control manuals and procedures, and external auditors report. Once the desk research has completed, the opinion of key informant group were obtained through a structured interview. The questionnaire was designed to obtain the attributes, attitudes and opinion of employees consistent with the study framework.

3.5. Data Analysis Technique

Both the qualitative and quantitative data analysis techniques were employed. The qualitative data gathered through desk research and individual opinions obtained from primary data gathering procedures were analyzed using qualitative data analysis methods. On the other hand, the quantitative methods were employed to analyze the data involving numerical value. To analyze the numerical values, descriptive statistics was used.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1. Analysis of Documents related with internal control system of Public universities in Ethiopia

OFAG Reported to the house the parliament the finding of the financial audit, compliance audit and performance audit of ministries, other agencies in the federal government, regional state programs financed by federal government budget. On its report of 2008, it disclosed that, there are lots of findings on the financial administration and internal control system of government entities so far audited, which mainly includes: utilization of budget without the approved limit and heading, poor fixed asset management, payments effected without a complete and authorized documents, inadequacy of the internal control system to detect and correct failures in control activities on cash, inventory, fixed asset, procurement and human resource management aspects, among other things. The identified audit findings showed that, financial and other resource management is vulnerable to corruption and miss utilization of assets.

However, there are rules and regulation on government financial and other resources management and the mechanism of internal control system. It found that, in most of the organization, the auditor identified a violation of rules and regulation that attributes to the above stated major audit findings. Of 71 audits performed in federal government agencies, the OFAG issued 5 unqualified audit reports, which can be taken as neat or no material audit finding; 51 qualified audit reports. However unqualified audit reports entail some audit findings as a qualification points even if it doesn't affect the acceptability of the annual report as a whole. The remaining reports contained 10 adverse opinions, which are negative audit opinions due to significant deviations from the accepted norms of public financial administration rules applicable in Ethiopia, and the accounting standards used in Ethiopia. The report claim that, weak internal control system is the one that attributed to identified failures. As per the report, there are about 5 disclaimer opinions, which showed that the auditors faced difficulty to gather and evaluate audit evidence so as to come up with audit reports. The results indicates that, only 7% of the organizations under audit discharged their responsibility to the fullest and 72% of them demand top management attention to improve their financial administration and internal control system so that they can change their audit report status from qualified to unqualified or net reports like the very few(7%). The critical situation in the remaining organizations that falls under adverse and disclaimer opinions category accounted 14 % and 7% respectively. In general, the analysis of OFAG

reports indicates that, about 93% of audited organizations under the federal government failed to discharge their responsibility to the fullest.

The organizations under problematic audit result included: the MoE and some of the universities under its jurisdiction. Taking into account the gigantic budget allocated to education sector and especially very significant to the growing higher education system in this country, the audit findings are indicative for rigorous corrective actions from the management, board and employee of each individual organization as they are legally required to ensure that the business of their organization is performed in line with the legal framework. In this regard the current study is useful as it aimed at finding out internal control related problem of which some are stated on audit reports of OFAG.

Being cognizant the criticality of the financial and other resource management problems in the higher education sector in Ethiopia and the possible favorable conditions for corruption, the Federal Ethics and Anti corruption Commission(FEACC) organized a conference on procurement related issues of public higher institutions in Ethiopia on September 23-24,2004 E.C. where in different stakeholders including commissioners and other professionals of FEACC, MoE and the top management , finance and procurement professional and internal auditors, and ethics and anticorruption officers of all universities and other reverent stakeholders participated.

On the conference, various papers were presented and discussions were held and on the result of the conference pointed out some major problems of resource management, procurement and related internal control mechanisms limitations in Ethiopian higher institutions. The major points raised are summarized as follows:

- ❖ Lack of transparency and weak contract administration on large construction projects which resulted in cost and time overrun, miss use of resources and opens up opportunity for corruption
- ❖ Procurement process of goods, services and construction project contracts violates basic public sector procurement related rules and regulations
- ❖ Weak asset management
- ❖ Human resource management practices that violate applicable rules and regulations
- ❖ Poor management of public resources including vehicles
- ❖ Lax internal control environment which couldn't prevent nor deter the occurrences of mal practices in the management of university resources (FEACC, 20120)

The conclusions of the conference were in line with the recent opinions of the OFAG which enables one to surmise that the internal control effectiveness of public universities require earnest commitment of top management of each institutions and all other concerned to the issue so that the sector can deliver the maximum value of the scarce public money invested in higher education system.

In the context of the case university as well external auditors and university management audit exit meeting minutes of the last two years were reviewed as part of document analysis in this study confirmed above stated problems in some way. In general, the points rose as audit finding of Jimma University for 2010 and 2011 budget year showed that, the control activities related to cash, inventory, fixed assets, procurement process, and construction contract administration were problematic and were not undertaken as per the necessary legal framework. Further the audit finding revealed that, the basics of internal control effectiveness such as segregation of duty, maintaining timely and correct accounting treatments for business transactions are among the issues demanding management attention. Further the weakness of internal control environment were demonstrated by understaffed internal audit department that couldn't ensure the proper implementations of internal control procedures, policies and procedure that supposed to dictate the action and decision of employees and managers in the organization.

It was agreed on the audit exit meeting that, the management will rectify the stated problems from being occurred on the subsequent audits. In this regard the current study designed a study frame work and examined the various components of the internal control in a ways that suggestions can be given.

This section mainly deals with the finding of the study and its detail discussions. The total sample targeted for the research was about 318 of which about 203 have properly filled and returned the questionnaires.

4.2. Demographic Background of the Respondents

Table 4.1 Demographic characteristics of respondents

	Frequency	Valid Percentage	Cumulative Percentage
Administration	147	72.40	72.40
Academic	56	27.60	100.00
Total	203	100.00	
Male	165	81.30	81.30
Female	38	18.70	100.00
Total	203	100.00	
Less than 3 years	45	22.20	22.20
3- 6 Years	62	30.50	52.70
6-9 Years	49	24.10	76.80
9- 12 Years	27	13.30	90.10
More than 12 years	20	9.90	100.00
	203	100.00	
Managerial	61	30.00	30.00
Non Managerial	142	70.00	100.00
Total	203	100.00	
PhD	6	3.00	3.00
Masters	37	18.20	21.20
Bachelor	113	55.70	76.80
Diploma	47	23.20	100.00
Total	203	100.00	

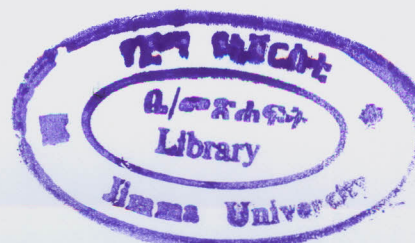
Source: Primary Data

Table 4.1 indicates that, of the total respondents, 147 (72.40 %) are administrative staffs of the University while the rest, 56 (27.60 %) are academic staffs. As far as they are the administrative staffs who should take the lead for internal control effectiveness, a greater number of administrative staffs are incorporated in the research to see their response towards the effectiveness of the internal control system of Jimma University.

The table also indicates the demographic characteristics of the respondents' interns of sex. Accordingly, 165 (81.30 %) are male and 38 (18.70 %) are female. This indicates that, majority of employees who are female.

Regarding, work experience, about 22.20 % of the respondents have an experience of less than three years in Jimma University and while majority 138 (67.90%) of the respondents have a work experience of between three years to twelve years and they are only 20 (9.9 %) who do have a work experience of more than twelve years.

In terms of the position held in the university, 61 (30 %) of the respondents are those who are in managerial position, while 142 (70 %) are those who does not held managerial position. The non managerial persons might provide genuine information about the effectiveness of internal control than



those who held managerial position and that is why majority of those who held none managerial position are considered.

Regarding the academic qualification of the respondents, about 150 (73.90 %) are those who are Masters and bachelor degree graduates. Only 6 (3 %) of the respondents are PhD holders and the remaining 47 (23.20 %) are diploma holders.

4.3: Variability of Response across Demographic Background

This section deals with whether the attitude of the employees towards internal control in Jimma University vary with change in demographic variable such as being administrative or academic staff, male or female, experience in the university, position held in the university, or academic qualification.

Table 4.2 Variation of response towards effectiveness of Control environment

		DA & SDA	NEU	AG & SAG	Total	X ²	P
Division	Administrative	40 (27.20)	55 (37.50)	52 (35.40)	147 (100)	1.56	0.46
	Academic	14 (25.00)	17 (30.40)	25 (44.60)	56 (100)		
Sex	Male	41 (24.80)	57 (34.50)	67 (40.60)	165 (100)	2.89	0.24
	Female	13 (34.20)	15 (39.50)	10 (26.30)	38 (100)		
Work Experience	Less than 3 years	11 (24.40)	10 (22.20)	24 (53.30)	45 (100)	5.80	0.053
	3-6 Years	24 (38.70)	21 (33.90)	17 (27.40)	62 (100)		
	6-9 years	10 (20.40)	20 (40.80)	19 (38.80)	49 (100)		
	9-12 Years	6 (22.20)	10 (37.000)	11(40.70)	27(100)		
	> 12 years	3 (15.00)	11(55.00)	6(30.00)	20(100)		
Position	Managerial	14(23.00)	19(31.10)	28(45.90)	61(100)	2.36	0.31
	Non-Managerial	40(28.20)	53(37.30)	49(45.90)	142(100)		
Academic Qualification	PhD	3(50.00)	3(50.00)	0 (0.00)	6 (100)		
	Masters	15 (40.50)	11(29.70)	11(29.70)	37 (1000)		
	Bachelor Degree	29(25.70)	39(34.50)	45(39.80)	113(100)		
	Diploma	7(14.90)	19(40.40)	21(44.70)	47(100)		

Source: Primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

From table 4.2 above, it can be seen that majority of the academic staffs 25 (44.60) agree or strongly agree that the control environment is effective while most of the administrative staffs 55(37.40) remain neutral regarding the case. Generally, employee's attitude towards effectiveness in control environment in Jimma University does not vary with being whether academic or administrative staff. This was tested by chi-square test ($X^2 = 1.56$ $P = 0.46$). Similarly, the chi-square test ($X^2 = 2.89$, $P = 0.24$; $X^2 = 15.26$, $P = 0.054$, $X^2 = 5.80$ $P = 0.053$, $X^2 = 2.36$ $P = 0.31$ for Sex, work experience, Position held), indicated that, the attitude of employees towards the effectiveness of the control environment doesn't vary with the difference in these variables. Finally, even though it is not possible to use chi-square test to see the variability of attitude of employees towards the effectiveness of the control environment with the difference in academic qualification because of the presence of a row having

zero value, the percentage computed indicated that, as the academic qualification increases, the disagreement with the statement that says "the control environment in Jimma University is effective" increases and vice-versa. That is those who do have higher academic qualification are highly dissatisfied with control environment of Jimma University.

Table 4.3 Variation of response towards effectiveness of risk assessment practice

		DA & SDA	NEU	AG & SAG	Total	X ²	P
Division	Administrative	39(26.500)	49 (33.30)	59 (40.10)	147 (100)	0.39	0.82
	Academic	13 (23.20)	18 (32.10)	25 (44.60)	56 (100)		
Sex	Male	37 (22.40)	54 (32.70)	74 (44.80)	165 (100)	6.09	0.048
	Female	15 (39.50)	13 (34.20)	10 (26.30)	38 (100)		
Work Experience	Less than 3 years	12 (26.70)	12 (26.70)	21 (46.60)	45 (100)	6.90	0.55
	3-6 Years	19 (30.60)	25 (40.30)	18 (29.00)	62 (100)		
	6-9 years	12 (24.50)	14 (28.60)	23 (46.90)	49 (100)		
	9-12 Years	6 (22.20)	9 (33.30)	12 (44.40)	27 (100)		
	> 12 years	3 (15.00)	7 (35.00)	10 (50.00)	20 (100)		
Position	Managerial	17 (27.90)	20 (32.80)	24 (39.30)	61 (100)	0.26	0.88
	Non-Managerial	35 (24.60)	47 (33.10)	60 (42.30)	142 (100)		
Academic Qualification	PhD	4 (66.70)	1 (16.70)	1 (16.70)	6 (100)	0.09	0.018
	Masters	15 (40.50)	7 (18.90)	15 (40.50)	37 (100)		
	Bachelor Degree	27 (23.90)	44 (38.90)	42 (37.20)	113 (100)		
	Diploma	6 (12.80)	15 (31.90)	26 (55.30)	47 (100)		

Source: Primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

Table 4.3 indicates whether the attitude of employees of Jimma University towards risk assessment system varies with the variation of demographic variables. Hence, the chi-square test ($X^2 = 0.39$ $P = 0.82$) indicated that, the difference in being academic staff or administrative does not affect the attitude of employees towards the risk assessment system of the University. Both the agreement and disagreement towards effectiveness of the risk assessment decreases as one goes from the administrative to academic division. Regarding the relation of effectiveness in risk assessment with sex, the chi-square test ($X^2 = 6.09$ $P = 0.048$) indicated that there is variation in attitude between males and females towards the effectiveness of risk assessment system. Majority of the females 15 (39.50 %) dissatisfied in with risk assessment system in Jimma University, while most of the males 74 (44.81 %), are satisfied with risk assessment system.

The test related to risk assessment and experience, ($X^2 = 6.90$ $P = 0.55$) indicated that, the attitude of the respondents does not vary with variation in work experience. Similarly, the difference among employees in position held (being managerial and non-managerial) does not result in difference in attitude towards the risk assessment effectiveness in Jimma University ($X^2 = 0.26$ $P = 0.88$).

Finally, test of whether the difference in the academic qualification of employees resulted in difference in attitude towards the effectiveness in risk assessment system ($X^2 = 10.09$ $P = 0.018$) indicated that, the attitude differs in deference in academic qualification. As the academic qualification increases, the dissatisfaction in the risk assessment system increases and vice versa.

4.4. The Relation of Demographic Variables with Control Activities

The control activities are activities that are carried out by the management to make the overall internal control effective. To see the effectiveness of the various control activities in Jimma University, these activities are sub categorized in to control over payroll related payments, control over non payroll payments, control over assets and control over human resource related practices.

4.4.1. Control over payroll related payments

The table that follows indicated whether the attitude of employees towards effectiveness in control over payroll related payments differ with the difference in demographic variables.

Table 4.4 Variation of response towards effectiveness of Control over payroll related payments

		DA & SDA	NEU	AG & SAG	Total	X^2	P
Division	Administrative	38 (25.90)	54 (36.70)	55 (37.40)	147 (100)	1.39	0.50
	Academic	12 (21.40)	18 (32.10)	26 (46.40)	56 (100)		
Sex	Male	39 (23.60)	57 (34.50)	69 (41.80)	165 (100)	1.38	0.50
	Female	11 (28.90)	15 (39.50)	12 (31.60)	38 (100)		
Work Experience	Less than 3 years	12 (26.70)	9 (20.00)	24 (53.30)	45 (100)	18.15	0.02
	3-6 Years	22 (35.50)	21 (33.90)	19 (30.60)	62 (100)		
	6-9 years	11 (22.40)	23 (16.90)	15 (30.60)	49 (100)		
	9-12 Years	4 (14.80)	10 (37.00)	13 (48.20)	27 (100)		
	> 12 years	1 (5.00)	9 (45.00)	10 (50.00)	20 (100)		
Position	Managerial	15 (24.60)	21 (34.40)	25 (41.00)	61 (100)	0.97	0.051
	Non-Managerial	35 (24.60)	51 (35.90)	56 (39.40)	142 (100)		
Academic Qualification	PhD	3 (50.00)	1 (16.70)	62 (33.30)	6 (100)	14.39	0.002
	Masters	14 (17.80)	14 (37.80)	9 (24.40)	37 (100)		
	Bachelor Degree	28 (24.80)	39 (34.50)	46 (40.70)	113 (100)		
	Diploma	5 (10.60)	16 (34.00)	26 (55.40)	47 (100)		

Source: Primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

Table 4.4 indicated that, the difference in the division (being academic or administrative staff) and sex (being male or female), does not resulted in difference in attitude towards the effectiveness of internal control over payroll related payments in Jimma University. This is proved by chi-square test ($X^2 = 0.86$, $P= 0.65$, $X^2 1.38$, $P= 0.50$) for division and sex respectively. The percentage computed indicated that, majority of the academic staffs 26 (46.40%) and administrative staffs 55 (37.40%) are satisfied with the effectiveness in internal control over the payroll related payments. From the table 4.4, further indicate that, 12 (31.60 %) of females and majority of males 69 (41.80 %) are satisfied on effectiveness of control over payroll related payments.

Table 4.4also indicated whether the difference in work experience resulted in difference in attitude towards the effectiveness of control over payroll related payments. Accordingly, as the experience in Jimma University increases, the dissatisfaction in payroll related control increases and vice-versa. This is proved with computation of a chi square ($X^2= 18.15$ $P= 0.02$). But the position held in Jimma University (being managerial or non-managerial)does not resulted in change in attitude over the effectiveness of payroll related payments ($X^2= 0.97$ $P= 0.051$) Small number 14 (23.00 %) of those who held managerial position and 44 (31.00 %) of those at non managerial position are satisfied with control over payroll related payments. Finally, it can be seen from the table 4.4 that the difference in academic qualification resulted in difference in attitude over towards effectiveness of internal control over payroll related payments. As the academic qualification increases dissatisfaction over payroll related control increases ($X^2 = 14.39$ $P= 0.002$).

4.4.2. Control over non payroll Payments

Table 4.5 Variation of response towards effectiveness of Control on non- payroll payments

		DA & SDA	NEU	AG & SAG	Total	X^2	P
Division	Administrative	51(34.70)	54 (38.70)	42 (28.60)	147 (100)	0.86	0.65
	Academic	16 (28.60)	24 (42.80)	16 (28.60)	56 (100)		
Sex	Male	56 (33.90)	63 (38.20)	46 (27.90)	165 (100)	0.39	0.82
	Female	11 (28.90)	15 (39.50)	12 (31.60)	38 (100)		
Work Experience	< than 3 years	12 (26.70)	11 (24.40)	22 (48.90)	45 (100)	24.18	0.002
	3-6 Years	25 (40.30)	29 (46.80)	8 (12.90)	62 (100)		
	6-9 years	19 (38.80)	16 (32.70)	14 (28.50)	49 (100)		
	9-12 Years	6 (22.20)	10 (37.00)	11 (40.80)	27 (100)		
	> 12 years	5 (25.00)	12 (60.00)	3 (15.00)	20 (100)		
Position	Managerial	15 (24.60)	32 (52.40)	14 (23.00)	61 (100)	7.31	0.026
	Non-Managerial	52 (36.60)	46 (32.40)	44 (31.00)	142 (100)		
Academic Qualification	PhD	6 (100)	0 (0.00)	0 (0.00)	6 (100)	-	-
	Masters	16 (43.20)	13 (35.10)	8 (21.70)	37 (100)		
	Bachelor Degree	39 (34.50)	39 (34.50)	35 (31.00)	113 (100)		
	Diploma	6 (12.80)	26 (55.30)	15 (31.90)	47 (100)		

Source: primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree).

From table 4.5 it can be seen that, the response towards the effectiveness of non-payroll related controls does not vary with the division (being academic or administrative staffs) $X^2= 0.86$ $P= 0.65$.

Majority of them 54 (38.70 %) and 24 (42.80 %) of the administrative and academic staffs respectively remain neutral ($X^2 = 0.86$ and $P = 0.65$) indicating that the response does not vary with division.

Similarly, the difference in sex does not result in the variation of the response towards the effectiveness of control over non-payroll related payments. This is proved by computing chi-square test ($X^2 = 0.39$ and $P = 0.82$) majority of both male and females have undecided response towards the effectiveness of control over non payroll payments.

The difference in work experience of employees in Jimma University does result in difference in response towards the effectiveness of internal control over non-payroll related payments ($X^2 = 24.18$ $P = 0.002$). The result indicated that, employees with more experiences are more dissatisfied with the effectiveness of control over non-payroll payments. Similarly, the position that the employees hold in the University has significant effect in the variation of response towards the effectiveness of control over non-payroll related payments ($X^2 = 7.31$ $P = 0.026$). The result further indicates that, majority of the employees who hold the managerial position 32 (52.50 %) have neutral attitude while those who are non- managerial 52 (36.60 %) are more dissatisfied with control over non-payroll related payments.

Finally, even though it cannot determine whether the academic qualification is the determinant factor to cause the difference in attitude towards control over non payroll payments because of the existence of raw with zero value, the percentage computed indicated that, as the academic qualification increases, the dissatisfaction with non-payroll payments increases and vice-versa. The percentage of those who dissatisfied indicated 100 %, 43.20 %, 34.50 %, 12.80 % for PhD, Masters, Bachelor Degree and Diploma holders respectively, while those who are satisfied with control over non- payroll related payments indicated 0 %, 21.60 %, 31.00 % and 31.90 % for PhD, Masters, Bachelor Degree and Diploma holders respectively. Hence, this indicates that, the response of employees towards control over non-payroll related payments in Jimma University vary with level of education

4.4.3. Control over Assets

The assets management indicated the extent to which Jimma University is utilizing all its assets and reduces unnecessary wastage. To assess the effectiveness in utilization of the assets, respondents are provided with questions related to the case. Accordingly, the response of the employees is summarized in the following table.

Table 4.6 Variation of response towards effectiveness of assets management practice

		DA & SDA	NEU	AG & SAG	Total	X ²	P
Division	Administrative	17 (11.60)	92 (62.60)	38 (25.50)	147 (100)	1.37	0.50
	Academic	8 (14.30)	30 (53.60)	18 (32.10)	56 (100)		
Sex	Male	23 (13.90)	96 (58.20)	46 (27.90)	165 (100)	2.45	0.29
	Female	2 (5.30)	26 (68.40)	10 (26.30)	38 (100)		
Work Experience	Less than 3 years	7 (15.60)	22 (48.90)	16 (35.60)	45 (100)	-	-
	3-6 Years	8 (12.90)	37 (59.70)	17 (27.40)	62 (100)		
	6-9 years	7 (14.30)	31 (63.30)	11 (22.40)	49 (100)		
	9-12 Years	3 (11.10)	16 (59.30)	8 (29.30)	27 (100)		
	> 12 years	0 (0.00)	16 (59.30)	4 (20.00)	20 (100)		
Position	Managerial	6 (9.80)	40 (65.60)	15 (24.60)	61 (100)	1.15	0.56
	Non-Managerial	19 (13.40)	82 (57.70)	41 (28.90)	142 (100)		
Academic Qualification	PhD	2 (33.30)	4 (66.70)	0 (0.00)	6 (100)	-	-
	Masters	5 (13.50)	22 (59.50)	10 (27.00)	37 (100)		
	Bachelor Degree	15 (13.30)	66 (58.40)	32 (28.30)	113 (100)		
	Diploma	3 (16.40)	30 (63.80)	14 (29.80)	47 (100)		

Source: primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

Table 4.6 above is used to see whether the difference in demographic variable resulted in difference in attitude towards the effectiveness in assets management practice in Jimma University. Hence, from the table constructed it can be seen that, difference in division ($X^2 = 1.37$ $P = 0.50$), Sex ($X^2 = 2.45$ $P = 0.29$) and Position held ($X^2 = 1.15$ $P = 0.56$) does not resulted in opinion difference among employees in Jimma University. Regarding whether the difference in experience and academic qualification resulted in opinion difference among employees, it cannot be determined using chi-square test as there is a raw having zero value. But the percentage computed indicates that, majority of employees with various experiences and academic qualification have neutral attitude towards the effectiveness of assets management practice in Jimma University.

4.4.4 Human Resource Management

The other concern of control activities is the management of human resource. This is concerned with whether the recruitment, training, promotion and disciplining of staffs is in accordance with rules and regulation the university approved by the board and other applicable civil service and higher education

proclamation. Whether the attitude of employees regarding the management of human resource varies with demographic variables is indicated on table 4.7.

Table 4.7 Variation of response towards effectiveness of Control over human resource practice

		DA & SDA	NEU	AG & SAG	Total	X ²	P
Division	Administrative	20 (13.60)	68 (46.30)	59 (40.10)	147 (100)	1.67	0.43
	Academic	7 (12.50)	21 (37.50)	28 (50.00)	56 (100)		
Sex	Male	24 (14.50)	71 (43.00)	70 (42.40)	165 (100)	1.20	0.55
	Female	3 (7.90)	18 (47.40)	17 (44.70)	38 (100)		
Work Experience	Less than 3 years	7 (15.60)	13 (28.90)	25 (55.60)	45 (100)	12.54	0.13
	3-6 Years	8 (12.90)	35 (56.50)	19 (30.60)	62 (100)		
	6-9 years	8 (16.30)	23 (46.90)	18 (36.70)	49 (100)		
	9-12 Years	3 (11.10)	11 (40.70)	13 (48.10)	27 (100)		
	> 12 years	1 (5.00)	7 (35.00)	12 (60.00)	20 (100)		
Position	Managerial	12 (19.70)	21 (34.40)	28 (45.90)	61 (100)	0.61	0.10
	Non-Managerial	15 (10.60)	68 (47.90)	59 (41.50)	142 (100)		
Academic Qualification	PhD	2 (33.30)	3 (50.00)	1 (16.70)	6 (100)	6.88	0.074
	Masters	7 (18.90)	17 (45.90)	13 (35.20)	37 (100)		
	Bachelor Degree	17 (15.00)	47 (41.60)	49 (43.40)	113 (100)		
	Diploma	1 (2.10)	22 (46.80)	24 (51.10)	47 (100)		

Source: primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

As we can see from table 4.7, the whole demographic variables as division, sex, work experience, position held, academic qualification does not cause the opinion difference in employees of Jimma University. This is tested by computing chi square test ($X^2 = 1.67$ P = 0.43, $X^2 = 1.20$ P = 0.55, $X^2 = 12.54$ P = 0.13, $X^2 = 0.61$ P = 0.10, $X^2 = 6.88$ P = 0.074) for Division, Sex, work experience, Position and Academic qualification respectively. Majority of the respondents across each demographic variable remain neutral regarding the effectiveness of control over human resource practices.

4.4.5. Information and Communication

The fourth Component of internal control is the information and communication. According to COSO (1994), internal control to be effective, there should be a system that allows a smooth flow of information between top level management and employees. To assess the effectiveness of information and communication, questionnaire is distributed to employees with different demographic variables. Therefore, whether the difference in demographic variables cause opinion difference among employees in Jimma University or not is indicated in the following table.

Table 4.8 Variation of response towards effectiveness of information and communication

		DA & SDA	NEU	AG & SAG	Total	X ²	P
Division	Administrative	28 (19.00)	66 (44.90)	53 (36.10)	147 (100)	7.50	0.024
	Academic	8 (14.30)	16 (28.60)	32 (57.10)	56 (100)		
Sex	Male	29 (17.60)	68 (41.20)	68 (41.20)	165 (100)	0.25	0.88
	Female	7 (18.40)	24 (36.80)	17 (44.70)	38 (100)		
Work Experience	Less than 3 years	7 (15.60)	15 (33.30)	23 (51.10)	45 (100)	8.05	0.43
	3-6 Years	16 (25.80)	26 (41.90)	20 (32.30)	62 (100)		
	6-9 years	8 (16.30)	19 (38.80)	22 (44.90)	49 (100)		
	9-12 Years	4 (14.80)	12 (44.40)	11 (40.80)	27 (100)		
	> 12 years	1 (5.00)	10 (50.00)	9 (45.00)	20 (100)		
Position	Managerial	10 (16.40)	31 (50.80)	20 (32.80)	61 (100)	4.15	0.13
	Non-Managerial	26 (18.30)	51 (35.90)	65 (45.80)	142 (100)		
Academic Qualification	PhD	4 (66.60)	1 (16.70)	1 (16.70)	6 (100)	10.48	0.015
	Masters	7 (18.90)	16 (43.20)	14 (37.80)	37 (100)		
	Bachelor Degree	22 (19.50)	47 (41.60)	44 (38.90)	113 (100)		
	Diploma	3 (6.40)	18 (38.30)	26 (55.30)	47 (100)		

Source: primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

As indicated in the above table, the position held cause the opinion difference among employees of Jimma University regarding the effectiveness of information and communication, ($X^2 = 7.50$, $P = 0.024$) which shows that academic staffs are more satisfied 32 (57.10 %) with the effectiveness of information and communication than administrative staffs 53 (36.10 %). But from the table, it can further inferred that the difference in employees in terms of sex, experience, position held ($X^2 = 0.25$ $P = 0.88$, $X^2 = 8.05$ $P = 0.43$, $X^2 = 4.15$ $P = 0.13$) respectively does not cause the attitude difference in employees regarding the effectiveness of smooth flow of information from top to the bottom level of management in Jimma University. Finally, the difference in academic qualification results in difference in attitude among employees regarding the effectiveness in information and communication. ($X^2 = 10.48$, $P = 0.015$), indicating that as academic qualification increases, the satisfaction with the effectiveness in information and communication decreases.

4.4.6 Monitoring

Monitoring is the last component of internal control. It assesses the quality of performance overtime and ensures whether the findings and recommendations of the auditors have been valued by the management and being implemented to curve weaknesses in performance. Employees' attitude towards the effectiveness of monitoring activities in Jimma University is indicated in table 4.9 below.

Table 4.9 Variation of response towards effectiveness of monitoring practice

		DA & SDA	NEU	AG & SDG	Total	X ²	P
Division	Administrative	52 (35.40)	37 (25.20)	58 (39.50)	147 (100)	4.85	0.09
	Academic	11 (19.60)	16 (28.60)	29 (51.80)	56 (100)		
Sex	Male	52 (31.50)	43 (26.10)	70 (42.40)	165 (100)	0.11	0.95
	Female	11 (28.90)	10 (26.30)	17 (44.70)	38 (100)		
Work Experience	Less than 3 years	14 (31.10)	9 (20.00)	22 (48.90)	45 (100)	9.97	0.27
	3-6 Years	24 (38.70)	15 (24.20)	23 (37.10)	62 (100)		
	6-9 years	17 (84.70)	13 (26.50)	19 (38.80)	49 (100)		
	9-12 Years	6 (22.20)	7 (25.90)	14 (51.90)	27 (100)		
	> 12 years	2 (10.00)	9 (45.00)	9 (45.00)	20 (100)		
Position	Managerial	17 (27.90)	18 (29.50)	26 (42.60)	61 (100)	0.67	0.72
	Non-Managerial	46 (32.40)	35 (24.60)	61 (43.00)	142 (100)		
Academic Qualification	PhD	3 (50.00)	2 (33.30)	1 (16.70)	6 (100)	5.23	0.16
	Masters	13 (35.10)	8 (21.60)	16 (43.20)	37 (100)		
	Bachelor Degree	40 (35.40)	25 (22.10)	48 (42.50)	113 (100)		
	Diploma	7 (14.90)	18 (38.30)	22 (46.80)	47 (100)		

Source: primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

From table 4.9 above, it can be seen that, the difference among employees in terms of division, sex, experience, position held, and academic qualification does not result in difference in opinion towards the effectiveness of the monitoring activities in Jimma University. This is reached at through chi square ($X^2 = 4.85$ $P = 0.09$, $X^2 = 0.11$ $P = 0.95$, $X^2 = 9.97$ $P = 0.27$, $X^2 = 0.67$ $P = 0.27$, $X^2 = 5.23$ $P = 0.16$) for division, sex, experience, Position held, and academic qualification respectively.

4.5. Employees attitude towards the Effectiveness of Internal control In Jimma University

4.5.1. Control Environment

The Control environment is the actions and attitude of management towards the internal control. To see whether the management is discharging its responsibility in creating positive environment for internal control in Jimma University, questionnaires were prepared and forwarded to 318 employees of the university of which 203 have been filled and returned. Accordingly, the result of the response is indicated in the following table.

Table 4.10 Employees attitude towards control environment

S.No	Control Environment	DA Count %	SDA Count %	NEU Count %	AG Count %	SAG Count %	Total Count %	Mean	ST.d
1	There is a clear chain of command in Jimma university	54 (26.60)	24 (11.80)	56 (27.60)	44 (21.70)	25 (12.30)	203 (100)	2.96	1.21
2	Management delegates authority and responsibility with enough resource to exercise it	62 (30.50)	23 (11.30)	59 (29.10)	44 (21.70)	15 (7.40)	203 (100)	2.83	1.12
3	Staffs discharge their responsibilities as per job description	63 (31.00)	24 (11.80)	52 (25.60)	53 (26.10)	11 (5.40)	203 (100)	2.82	1.11
4	Responsible staffs have the power to check performance of internal control as intended	60 (29.60)	21 (10.30)	61 (30.00)	54 (26.60)	7 (3.40)	203 (100)	2.83	1.04
5	Staff performance evaluation shows attainment of JU's Mission	61 (30.00)	29 (14.30)	59 (29.10)	38 (18.70)	16 (7.90)	203 (100)	2.76	1.15
6	Staffs are provided with general code of conduct	70 (34.50)	33 (16.30)	60 (29.60)	28 (13.80)	12 (5.90)	203 (100)	2.59	1.09
7	Responsible staffs are being provided training on work ethics	59 (29.10)	37 (18.20)	58 (28.60)	42 (20.70)	7 (3.40)	203 (100)	2.62	1.11
8	Work force in each department are adequate in number and quality	76 (37.40)	21 (10.30)	46 (22.70)	47 (23.20)	13 (6.40)	203 (100)	2.78	1.11
9	Trainings are being given for staffs to enhance their competence	69 (34.00)	23 (11.30)	51 (25.10)	46 (22.70)	14 (6.90)	203 (100)	2.80	1.12
10	Employees have opportunity to report and discuss irregularities as occurred	67 (33.00)	35 (17.20)	51 (25.10)	40 (19.70)	10 (4.90)	203 (100)	2.62	1.13

Source: Primary data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

From table 4.10 above, the respondents are asked whether there is a clear chain of command running from top to bottom level of the management. Accordingly, about 78 (38.40 %) of the respondents disagree or strongly disagree, indicating that, the management is expected to do more to make the chain clear to make the communication between top level management to employees. Contrary, about 69 (34.00 %) of the respondents agree or strongly agree that there is a clear chain of command that enable the management create positive control environment and the remaining 56 (27.60 %) of the

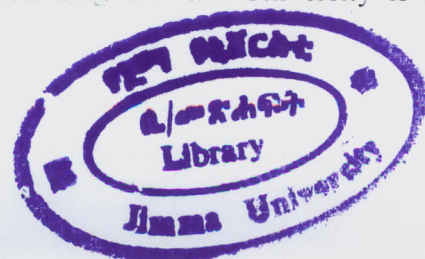
respondents remain neutral regarding the case. Therefore, from the majority of the respondents, it can be said that the management is expected to do more in making the chain of command clear.

Management should delegate authority and responsibility with sufficient resource to exercise it so that the activities are managed in a decentralized way. Regarding whether the management is delegating authority and responsibility with sufficient resource in Jimma University or not, about 85 (42.80 %) of the respondents disagree or strongly disagree with the case by further explaining that, authorities and responsibilities are decentralized but with no power to decide on financial resource required to accomplish the tasks, but 59 (29.10 %) of them agree or strongly agree that there is a delegation of authority and responsibility and the remaining 59 (29.10 %) of them remain neutral regarding the case. Therefore, this is an indicative of the fact that, the management should decentralized authority and responsibility with sufficient resource to exercise such responsibilities.

Regarding whether the staffs are being provide with job description and are discharging their responsibilities as per job description or not, 87 (42.80 %), disagree or strongly disagree with the statement by further explaining that, even some of the employees do not know what they are expected to do and those who actually know did not perform their tasks as per the job description. But 64 (31.50 %) of the respondents agree or strongly agree that employees are being provided and are working according to their job description, and the remaining 52 (25.60 %) remain neutral regarding the case. From the majority response it can be inferred that, there is a gap in referring once job description while performing task in Jimma University.

Those officers who are responsible for checking whether the internal control is effective should be empowered to check the wellbeing of the internal control. With regard to whether those officers are given authority to check the wellbeing of internal control or not, about 81 (40.00 %) of the respondents disagree or strongly disagree with the statement while 61 (30.00 %) of them agree or disagree and the remaining 61 (30.00 %) remain neutral regarding the case. From table 4.9 above, we can see that, majority of the respondents indicated the staffs are not being provided with the rules and code of conduct to guide them to perform their tasks.

The management is expected to provide training on work ethics such as proper utilization of power, resource (financial, physical and time) to attain the mission of the University. Some questions are forwarded to selected employees of Jimma University. In this respect, the response showed that, 97 (47.30 %) of the respondents disagree or strongly disagree indicating that the University is not



providing continuous training on proper utilization of such resources. Contradicting the idea of the majority, 49 (24.10 %) of the respondents agree or strongly agree that, there is adequate training on proper utilization of time, material and other resources, and the remaining 58 (28.60 %) of them have undecided response on the statement.

The employees selected are further provided with the question of whether the work force in each department is sufficient in terms of both number and academic qualification. Accordingly, 97 (47.70 %) of the respondents disagree or strongly disagree with the sufficiency of man power in some departments. They further footnoted that, the management is expected to identify the gaps in shortage of academic staffs in some departments, hire new staffs and also enable the existing one. About 60 (29.60 %) of the respondents strongly agree or agree that there is sufficient man power in all department in terms of both number and academic qualification and the remaining 46 (22.70 %) have undecided response concerning the case. Generally, from this and observations made by the researchers, there are certain departments offering courses at masters level without having man power at PhD level and unavailability of adequate staffs in some departments is undeniable fact.

4.5.2. Risk Assessment

Risk assessment is the identification and analysis of the possible risks that might be encountered by the organization and also identifying the ways to overcome it. Pre-predicting the possible risks that obscure the achievement of objectives enable the organization to find ways to resolve the risks if occurred.

To know whether Jimma University identify the possible risks before their occurrence so as to make the internal control effective was assessed by distributing questionnaire to the respondents whose attitude is indicated in the following table.

Table 4.11 Attitude of respondents towards the Risk assessment in Jimma University

S.No	Items	AD	SDA	NEU	AG	SAG	TOTAL	Mean	ST.d
		Count %	Count %	Count %	Count %	Count %	Count %		
1	All employee of JU knows Mission, vision, goals and objectives of the university	60 (29.60)	26 (12.80)	46 (22.70)	54 (26.60)	17 (8.40)	203 (100.00)	2.88	1.18
2	Objectives of Jimma University are compatible with national objectives	45 (22.70)	20 (9.90)	44 (21.70)	48 (23.60)	46 (22.70)	203 (100.00)	3.27	1.30
3	Top management of the university identifies operational risks before their occurrence	54 (26.60)	25 (12.30)	64 (31.50)	52 (25.60)	8 (3.90)	203 (100.00)	2.82	1.07
4	The management device mechanisms to solve operational risks if they occurred	68 (33.50)	16 (7.90)	62 (30.50)	39 (19.20)	18 (8.90)	203 (100.00)	2.88	1.09
5	Critical activities to the success of each departments are identified with possible risks	74 (36.50)	21 (10.30)	49 (24.10)	42 (20.70)	17 (8.40)	203 (100.00)	2.80	1.13

Source: Primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

Employees are expected to know mission, vision, goals and objectives of their organization so that they could work towards it. Knowing these missions, visions, goals and objectives can mitigate the risks that the origination could suffer from otherwise. In Jimma University, to assess whether the employees are familiar with the mission, vision, goals and objectives, the question was forwarded to the selected respondents. Accordingly, 86 (42.40%) disagree or strongly disagree with the question indicating that, the workers of the university are not familiar with the mission, vision, goals and objectives. Whereas, 71(35%) of the respondents agree that the employees are familiar with the mission, vision, goals and objectives of the University and the remaining 46 (22.70%) have undecided response towards the cases. Therefore, from the majority's response it can be inferred that there is a gap in making the employees familiar with the mission, vision, goals and objectives so that they work towards its achievement.

Regarding the identification of operational risk before their occurrence by the top management, about 79(38.90%) disagree or strongly disagree with the statement, 62(29.5%) agree or strongly and the reaming 64(31.50%) have undecided response toward the issue. With regard to whether the management have devised mechanism to solve operational risks if they have occurred, 84(41.40%)

disagree or strongly disagree with the statement, 57(28.10%) agree that the university has device mechanism to solve operational risks if they occurred and the remaining 62(30.50%) have undecided response toward the issue. Therefore, this indicated that there is no trend of identifying risks and the possible ways of overcoming them if they actually occurred.

Similarly, regarding whether the critical activities that are important to the success of each department are identified with the possible risks that might impair them or not, 95 (46.80 %) disagree or strongly disagree with the statement, 69 (29.10%) agree that each departments have identified critical activities that are key for their success with the possible risks and the remaining 49(24.10%) have undecided response. From the majority, it can be concluded that, critical activities at department level are not being identified with the possible risks that may impair their achievement. This forced the University to think about the solution to problems after they have occurred.

4.5.3. Control Activities

Control activities relate to policies and procedures pertaining to the segregation of duties, information processing, physical control and performance reviews (Arens et al., 2006). For the purpose of this research, the control activities are categorized in to four major areas as: Control activities made over payroll related payments, non-payroll related payments, Physical and Mechanical control over assets of the University and control over human resource practices.

4.5.3.1. Payroll Related Controls

This section deals with internal control over payments made to employees of Jimma University for duties performed. The attitude of selected employees of Jimma University towards the control over payroll related payments is indicated on table 4.12

Table 4.12 Attitude of over payroll related payments

S.No	Payroll Related payments	DA	SDA	NEU	AG	SAG	TOTAL	Mean	ST.d
		Count %	Count %	Count %	Count %	Count %	Count %		
1	Documents and reports are kept secured	58 (28.60)	22 (10.80)	42 (20.70)	46 (22.70)	35 (17.20)	203 (100.00)	3.06	1.28
2	Time and attendance sheets are constantly checked and approved	46 (22.70)	23 (11.30)	57 (28.10)	54 (26.60)	23 (11.30)	203 (100.00)	3.04	1.18
3	Separate time sheets are kept for payments from different funding sources	46 (22.70)	26 (12.80)	66 (32.50)	42 (20.70)	23 (11.30)	203 (100.00)	2.95	1.18
4	Vacations, sick leaves and OT are timely recorded and checked	59 (29.10)	33 (16.30)	48 (23.60)	48 (23.60)	15 (7.40)	203 (100.00)	2.77	1.19
5	Preparation and approval of payrolls are separated	46 (22.70)	33 (16.30)	67 (33.00)	38 (18.70)	19 (9.40)	203 (100.00)	2.82	1.19
6	Employees who leave JU are removed timely from payroll	63 (31.00)	42 (20.70)	44 (21.70)	40 (19.70)	14 (6.90)	203 (100.00)	2.61	1.21
7	Contractual agreements are being checked for payroll preparation	73 (36.00)	46 (22.70)	33 (16.30)	40 (19.70)	11 (5.40)	203 (100.00)	2.49	1.19
8	There is systematic preparation of payroll data among finance, HR and other departments	83 (40.90)	27 (13.30)	42 (20.70)	39 (19.20)	12 (5.90)	203 (100.00)	2.63	1.11
9	Payroll related duties are timely submitted to concerned body	68 (33.50)	36 (17.70)	34 (16.70)	43 (21.20)	22 (10.80)	203 (100.00)	2.74	1.27
10	Appropriate tax law is being applied on payroll and other payments	50 (24.60)	41 (20.20)	29 (14.30)	53 (26.50)	30 (14.80)	203 (100.00)	2.91	1.38
11	Salary and other payments are prepared timely and correctly	54 (26.60)	36 (17.70)	33 (16.30)	45 (22.20)	35 (17.20)	203 (100.00)	2.95	1.37
12	Cashers are timely available for payroll and other payments	65 (32.00)	45 (22.20)	19 (9.40)	50 (24.60)	24 (11.80)	203 (100.00)	2.72	1.36
13	Salary payment through bank has increased customers satisfaction	64 (31.50)	41 (20.20)	25 (12.30)	41 (20.20)	32 (15.80)	203 (100.00)	2.80	1.38
14	Cashers check employee name, ID and other information for payments	70 (34.50)	37 (18.20)	28 (13.80)	39 (19.20)	29 (14.30)	203 (100.00)	2.77	1.34
15	Preparation of payments are cross-checked with duties performed	70 (34.50)	34 (16.70)	32 (15.80)	43 (21.20)	24 (11.80)	203 (100.00)	2.77	1.28

Source: Primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

As is indicated on table 4.12 above, the employees are asked whether the records and documents are kept secured or not. Hence, about 81 (39.90 %) of the respondents agree or strongly agree that the documents are being kept in a secured manner, 80 (39.40 %) of them disagree or strongly disagree and while the remaining 42 (20.70 %) have undecided response towards the case. From this we can say

that, records and documents are being kept secured and there is no problem associated with this issue. Regarding the proper recording and checkup of vacations, sick leaves and over times, separation of preparation and approval of payroll payments, majority of the respondents kept neutral indicating that, most of the respondents have no such information because of the limited access to such areas.

The list of employees who leave the organization should be removed on a timely basis to avoid unnecessary payments. With regard to whether the name of employees who leave the university is being cleared on a timely basis or not, 105 (51.70 %) of the respondents disagree or strongly disagree by further explaining that, there are conditions in which the list of employees who leave the University is not removed from records and payments are prepared for such persons while they are not working in Jimma University which is resulted from the communication gap between human resource and finance departments. But, about 54 (26.60 %) agree or strongly agree that there is appropriate clearance of such person's name from payroll lists to avoid unintended payments. Finally, the remaining 44 (21.70 %) of the respondents remain neutral regarding the issue. The majority responses still enable one to conclude that, there are some colleges who do not provide finance department the name of employees who leave the University.

Human resource, finance, and other departments need to systematically communicate information to obtain payments that leave the University, finish their contractual agreement, and payments for duties not performed. To check the proper control over such cases, questions are forwarded to the respondents. Accordingly, 110 (54.20 %) disagree or strongly disagree indicating that, there is lack of proper communication between such responsible departments, 51 (25.10 %) agree or strongly agree that there is proper communication among the various departments and the remaining 42 (20.70 %) of the respondents remain neutral regarding the presence of such systematic communication among various departments. Hence, based on majority response, it can be said that, there is communication gap among such departments. The response obtained further indicate that, there is no significant problem in submitting payroll related documents to the concerned bodies, application of proper tax laws over payments, and correctly and timely preparation of salary and other payments to the employees.

With regard to whether cashers are available timely for making payments to employees or not about 110 (54.20 %) of the respondents agree or strongly agree that the control over them is not effective to make cashers available at their office, 74 (36.40 %) of the respondents agree that cashers respect their time whereas 19 (9.40 %) have undecided response towards the case. The response obtained also

indicated that there is a gap in checking personal data such as name, Employee ID and other relevant information for making payments which resulted in making payments to persons other than who deserves it.

4.5.3.2. Non Payroll payments Control

This section deals with control activities performed with Jimma University to provide control over non payroll payments.

Table 4.13 Employee Response towards non payroll related Payment

S.No	Non Payroll payments	DA	SDA	NEU	AG	SAG	Total	Mean	ST.D
		Count %	Count %	Count %	Count %	Count %	Count %		
1	More than one person involved in requisition and ordering of goods and services	59 (29.10)	29 (14.30)	42 (20.70)	47 (23.20)	26 (12.80)	203 (100)	2.91	1.27
2	More than one person involved in receipt of goods and services	76 (37.40)	26 (12.80)	24 (11.80)	49 (24.10)	28 (13.80)	203 (100)	2.89	1.24
3	More than one person involved in processing of invoices for payment	68 (33.50)	28 (13.50)	28 (13.80)	58 (28.60)	21 (10.30)	203 (100)	2.88	1.26
4	Payments are properly authorized for payment by responsible persons	67 (33.00)	24 (11.80)	47 (23.80)	42 (20.70)	23 (11.30)	203 (100)	2.87	1.21
5	All goods received are checked checked against delivery notes	70 (34.50)	31 (15.30)	44 (21.70)	36 (17.70)	22 (10.80)	203 (100)	2.74	1.23
6	All purchases are made from approved suppliers	70 (34.50)	34 (16.70)	50 (24.60)	33 (16.30)	16 (7.90)	203 (100)	2.64	1.17
7	JU has qualified and ethical purchasers	75 (36.90)	34 (16.70)	50 (24.60)	28 (13.80)	16 (7.90)	203 (100)	2.59	1.15
8	Continuous training is being given to purchasers fair purchasing practices	87 (42.90)	34 (16.70)	33 (16.30)	34 (16.70)	15 (7.40)	203 (100)	2.55	1.17
9	Purchasers know national and international purchasing guidelines	83 (40.90)	28 (13.80)	49 (24.10)	27 (13.30)	16 (7.90)	203 (100)	2.61	1.12
10	Continuous training is being given to purchasers on purchasing ethics	75 (36.90)	37 (18.20)	48 (23.60)	29 (14.30)	14 (6.90)	203 (100)	2.55	1.15
11	All purchasing activities are under top management follow-up	82 (40.40)	39 (19.20)	42 (20.70)	29 (14.30)	11 (5.40)	203 (100)	2.46	1.12
12	All materials are purchased on a timely basis	72 (35.50)	44 (21.70)	43 (21.20)	33 (16.30)	11 (5.40)	203 (100)	2.48	1.16
13	Independent persons checked the quality of items purchased	81 (39.90)	43 (21.20)	45 (22.20)	20 (9.90)	14 (6.90)	203 (100)	2.41	1.13
14	All departments are getting the items they ordered on a timely basis	82 (40.40)	41 (20.20)	43 (21.20)	22 (10.80)	15 (7.40)	203 (100)	2.45	1.15
15	There is no shortage of materials in each departments	78 (38.40)	44 (21.70)	38 (18.70)	28 (13.80)	15 (7.40)	203 (100)	2.47	1.19

Source: Primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree).

Regarding whether more than one person is involved in requisition and ordering of goods and services in Jimma University, even though significant number respondents keeps neutral, about 88(44%) indicated that, it is only the decision of few individual that makes deferent in ordering of goods and services.

Similarly the response indicated that, there is a problem the procedure of receiving the ordered goods. Additional information obtained from the respondent indicated that, there are conditions at which the ordered and the actual goods received vary as there is gap in checking the delivered goods against the actual goods ordered.

Regarding the choice of suppliers, about 104(51.20 %) indicated that, there is a gap in selecting the supplier of goods and services.

Regarding the availability of qualified and ethical purchasers in Jimma University, about 109 (53.60 %) indicate that purchasers are not qualified as well as unethical because they are not equipped with training on purchasing ethics and national and international purchasing guidelines, 44(21.70%) agree that punchers are equipped with purchasing ethics and they are ethical, and the reaming 50(24.60 %) have undecided response on the case.

The other area of concern was whether the top management was acting as watching dog regarding all purchasing activities. Accordingly, they are few respondents only 40(19.70%) who agree that the management is strictly following all purchasing activities and majority 121(59.60%) disagree or strongly disagree with the case and the remaining 42(20.70%) kept neutral with the statement. Hence, the majority response indicates that, there is a gap in following all purchasing practices.

The response from majority of the respondents also indicates that, there is a gap in providing materials for the different colleges on a timely basic and the required amount and quality.

The attitude of employees towards assets management in Jimma University is indicated as per the following table

Assets Management Practice

Assets management is a system developed by the University to monitor and maintain things of value such as: cash, inventories, computers, vehicles, buildings, drugs and medical supplies, and equipments. Effective assets management calls for the systematic process of operating, maintaining and disposing of assets cost-effectively.

Table: 4.14 Employees response towards assets management practice in JU

S.No	Assets Management	DA	SDA	NEU	AG	SAG	Total	Mean	STD
		Count %	Count %	Count %	Count %	Count%	Count %		
1	Inventory records are kept on computers and books	39 (19.20)	4 (2.00)	21 (10.30)	94 (46.30)	45 (22.20)	203 (100)	3.67	1.08
2	Inventory records are updated periodically	70 (34.50)	47 (23.20)	27 (13.30)	46 (22.70)	13 (6.40)	203 (100)	2.54	1.25
3	Assets of the university are counted periodically	33 (16.30)	6 (3.00)	37 (18.20)	105 (51.70)	22 (10.80)	203 (100)	3.51	.98
4	Discrepancies between physical count and records are identified and resolved timely	76 (37.40)	41 (20.20)	32 (15.80)	42 (20.70)	12 (5.90)	203 (100)	2.55	1.19
5	Depreciated assets disposal procedure is appropriate	81 (39.90)	52 (25.60)	24 (11.80)	35 (17.20)	11 (5.40)	203 (100)	2.37	1.19
6	All computers are off during non -office hours	82 (40.40)	39 (19.20)	31 (15.30)	41 (20.20)	10 (4.90)	203 (100)	2.51	1.15
7	Anti-viruses are installed on each computers of the university and periodically updated	68 (33.50)	48 (23.60)	28 (13.80)	45 (22.20)	14 (6.90)	203 (100)	2.55	1.26
8	Maintenance for computers, printers and other assets of the university is made on a timely basis	77 (37.90)	44 (21.70)	33 (16.30)	39 (19.20)	10 (4.90)	203 (100)	2.48	1.17
9	Electric powers in each offices are off during non-office hours	78 (38.20)	38 (18.70)	39 (19.20)	35 (17.20)	13 (6.40)	203 (100)	2.54	1.17
10	Water pumps are off and no wastage of water in all compasses	87 (42.90)	36 (17.70)	36 (17.70)	33 (16.30)	11 (5.40)	203 (100)	2.49	1.12
11	Vehicles of JU are not used for without authorization	79 (38.90)	35 (17.20)	48 (23.60)	27 (13.30)	14 (6.90)	203 (100)	2.54	1.13
12	Drivers are well equipped and disciplined	70 (34.50)	40 (19.70)	56 (27.60)	29 (14.30)	8 (3.90)	203 (100)	2.48	1.08
13	Vehicles are used only for the intended purposes not for private gain	64 (31.50)	43 (21.20)	55 (27.10)	33 (16.30)	8 (3.90)	203 (100)	2.50	1.11
14	Time is specified for divers activities during a day	64 (31.50)	40 (19.20)	50 (24.60)	41 (20.20)	8 (3.90)	203 (100)	2.57	1.13
15	Control on drugs and medical supplies is appropriate	29 (14.30)	15 (7.40)	119 (58.60)	32 (15.80)	8 (3.90)	203 (100)	2.95	.87
16	Freely served clients are properly identified and separated from those clients who are required to pay for medical services	33 (16.30)	13 (6.40)	125 (61.60)	28 (13.80)	4 (2.00)	203 (100)	2.89	.79
17	Drugs and medical supplies are managed as per national and international guidelines	5 (2.50)	1 (.50)	167 (82.30)	24 (11.80)	6 (3.00)	203 (100)	3.14	.51
18	Drugs disposal is being made properly and on a timely basis	29 (14.30)	15 (7.40)	135 (66.50)	18 (8.90)	6 (3.00)	203 (100)	2.85	.79
19	Donated assets are being utilized as per the donors requirements	30 (14.80)	6 (3.00)	142 (70.00)	20 (9.90)	5 (2.50)	203 (100)	2.94	.68

Source: Primary Data.

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

This section deals with inventories and other fixed assets management practice in Jimma University. To investigate the efficient assets management, some questions are forward to the respondents. The response indicates that, there is no major problem related to familiarity of keeping inventory records on computers and books. But about 117(57.7%) of the respondents disagree or strongly disagree with the statement that inventory records are updated timely while majority 127(62.50%) agree that the assets of Jimma university are counted periodically to reduce unnecessary theft and miss utilization of assets.

Regarding whether the disposal of the used assets is made on a timely basis or not, about 133(65.5%) of the respondents disagree with the statement even by explaining that the corridors of different sections and departments are suffocated by the depreciated assets and therefore, agree that there is a problem in disposing the used assets on a timely basis.

Regarding whether the computers are made off during the non-office hours, 121(59.60%) of the respondents disagree or strongly disagree with the statement, while 51(25.10%) agree that employees are concerned and made their computers off during the non-office hours and the remaining 31(15.30%) kept silent with regard to the case. The responses further indicate that appropriate maintenance is not being made to printers, computers, and photocopy machines on a timely basis.

The other critical problem in Jimma University is the wastage of water according to the response obtained from employees of the university. About 123(60.60%) of the respondents indicated that, there is wastage of water because, the employees are not concerned with it.

Regarding to whether the vehicles of Jimma University are being used appropriately or not, 114(56.10%) disagree with the statement that vehicles are being used appropriately, 41(20.20%) agree that vehicles are being used appropriately while only 48(23.60%) kept silent with regard to the cases. The employees further indicated that, vehicles are being used for private purpose than for what is indicated. The reason for inappropriate usage of the vehicles is that, the drivers are not equipped with disciplines and there is no times specified for drivers to accomplish their purpose. Only the permission for leaving the campus is will be checked and after that the vehicles of the University are being used in the town for personal purpose and even other business activities.

Concerning control over drugs and medical supplies, majority of the employees 119(58.60%) kept neutral while 44(21.70%) disagree or strongly disagree and the remaining 40(19.70%) agree that drugs of medical supplies are being used appropriately. From this even though majority kept neutral because

of the fact that the question is more of profession related. But, information obtained from the staffs of Medical College indicated that there is a problem in managing the drugs and medical supplies.

Regarding whether freely served clients are properly identified from those who are required to pay for it or not, the drugs and medical supplies are properly managed, the disposal of drugs are being made on appropriate manner and time, majority of the respondents kept neutral indicating that they do not have sufficient knowledge regarding the case but as per the response obtained from the respondents of medical college, there is a gap in utilizing drugs and medical supplies. They further indicated that, donated assets such as medical machineries and equipment are not being used in an effective and efficient manner.

Table 4.15 Employee responses towards Human Resource Management

S.No	Human Resource Management	DA	SDA	NEU	AG	SAG	Total	Mean	ST.D
		Count %	Count %	Count %	Count %	Count %	Count		
1	A well trained manager involved in human resource practice	37 (18.20)	16 (7.90)	40 (19.70)	67 (33.00)	43 (21.20)	203 (100)	3.41	1.23
2	Rule approved by the board is applicable for recruitment	67 (33.00)	31 (15.30)	38 (18.70)	48 (23.60)	12 (5.90)	203 (100)	2.72	1.16
3	Rule approved by the board is applicable for appointment	45 (22.20)	12 (5.90)	38 (18.70)	61 (30.00)	47 (23.20)	203 (100)	3.42	1.17
4	Rule approved by the board is applicable for training and development	46 (22.70)	18 (8.90)	34 (16.70)	66 (32.50)	39 (19.20)	203 (100)	3.31	1.26
5	Rule approved by the board is applicable for Promotion	48 (23.60)	20 (9.90)	32 (15.80)	78 (38.40)	25 (12.30)	203 (100)	2.55	1.17
6	Rule approved by the board is applicable for disciplining	62 (30.50)	30 (14.80)	34 (16.70)	43 (21.20)	34 (16.70)	203 (100)	2.95	1.34
7	Rule approved by the board is applicable for termination of employment	58 (28.60)	29 (14.30)	41 (20.20)	51 (25.10)	24 (11.80)	203 (100)	2.91	1.26
8	Criminal records are properly checked before employment	75 (36.90)	31 (15.30)	46 (22.70)	37 (18.20)	14 (6.90)	203 (100)	2.65	1.15
9	Medical fitness is checked appropriately before employment	54 (26.60)	33 (16.30)	71 (35.00)	30 (14.30)	15 (7.40)	203 (100)	2.70	1.13
10	Previous employment history is checked before the employee sign contract	59 (29.10)	31 (15.30)	66 (32.50)	31 (15.30)	16 (7.90)	203 (100)	2.71	1.14
11	Employee data are properly kept and readily available upon request	46 (22.70)	31 (15.30)	40 (19.70)	62 (30.50)	24 (11.80)	203 (100)	3.01	1.27
12	There is no discrimination during employment process	61 (30.00)	41 (20.20)	54 (26.60)	29 (14.30)	18 (8.90)	203 (100)	2.62	1.21
13	Employee screening and recruitment is transparent	61 (30.00)	40 (19.70)	61 (30.00)	22 (10.80)	19 (9.40)	203 (100)	2.60	1.19

Source: Primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

Table 4.15above indicates the attitude of the employees towards human resource management practice in Jimma University. About 110(54.20%) of the respondents agree or strongly agree that a well-trained managers are being involved in human resource practices, while 53(26.10%) disagree or strongly disagree indicating that, there are problems related to human resource practices and 40(19.70%) remain natural concerning the case.

Concerning the human resource recruitment practice, 98(48.30%) of the respondents disagree or strongly disagree that, the rules set by the government is applied for recruiting employee of Jimma University. They further indicated that, what matters to be employed in Jimma University is not the personal qualities, rather having same body at Human Resource or other position. Whereas 60 (29.50%) of the respondents witnessed that the rules and regulations set by the board or the government in general is being implement and there is no significant problem in recruitment process. Majority of the respondents further argue that the rules and regulations set by the government is being implemented for appointment of staffs for certain portion, selecting for training and development and promotion of staffs, while few of the respondents disagree with these facts.

Regarding disciplining of staffs, 92(45.30%) of the respondents disagree or strongly disagree with the disciplining of staff being implemented in accordance with the rules set by the government. While 77 (37.90%) of the respondents agree or strongly agree that staffs who found guilty are being punished in accordance with the rules set by the government and there is no subjectivity is applying the rules is disciplining of staffs.

With regard to whether the criminal records are being checked appropriately before employment, or not, 106 (52.20%) of the respondents disagree or strongly disagree that these files are being checked. They further explain that, even though the rule is forcing all new employees to provide finger print from police, only few of the employees are doing so. Therefore, there is a gap is this regards. Contradicting to his idea, about 51 (25.10%) of the respondents agree or strongly agree that the criminal records are being checked appropriately while 46 (22.70%) reaming new trail concerning the case.

Regarding whether previous employment his fore and medical fitness are being checked appropriately or not, 90 (44.41%) and 87(42.9%) responsibility disagree or strongly disagree indicating that previous employment his troy is not being checked while recruiting employees and this might result is employing same one who is getting salary from other governmental organization similarly they indicated that appropriate medical examination is not being made for employment by further explaining that the physicians will ask whether the examination is for employment purpose or for other reason and if it is for employment case, he/she provide certificate.

Information and Communication

The presence of information and communication system creates positive environment for internal control. If there is the flow of information between management and employees, the organization can achieve its objective as workers and management communicate and solve the problems that caused impairer the achievement of goals.

To see whether there is information and communication system that enable the management to extract information necessary for the achievement of university objective, same questions were developed and distributed to the respondents. The result is indicated on table 4.16below.

Table4.16Employee responses towards Information and Communication

S.No	Information and Communication	DA	SDA	NEU	AG	SAG	Total	Mean	STD
		Count %	Count %	Count %	Count %	Count %	Count		
1	Information important to the success of JU is produced timely	35 (17.20)	9 (4.40)	30 (14.80)	60 (29.60)	69 (34.00)	203 (100)	3.71	1.22
2	Information system is developed to communicate critical information to each and every employee of JU	35 (17.20)	20 (9.90)	44 (21.70)	60 (29.60)	44 (21.70)	203 (100)	3.56	1.27
3	Information required to perform the assigned duty is available with the assigned duty	58 (28.60)	34 (16.70)	63 (31.00)	30 (14.80)	18 (8.90)	203 (100)	2.70	1.17
4	The management have easy access to information to monitor irregularities and take corrective action	43 (21.20)	20 (9.90)	44 (21.70)	56 (27.60)	40 (19.70)	203 (100)	3.26	1.27
5	The university is getting feedback from all stakeholders	58 (28.60)	35 (17.20)	57 (28.10)	35 (17.20)	18 (8.90)	203 (100)	2.72	1.19
6	Information system is developed to expose corrupt practices if occurred	60 (29.60)	44 (21.70)	48 (23.60)	38 (18.70)	13 (6.40)	203 (100)	2.59	1.20
7	Information system is developed to communicate performance to employees	52 (25.60)	35 (17.20)	44 (21.70)	39 (19.20)	33 (16.30)	203 (100)	2.92	1.34
8	The university has proper mechanism to monitor records	59 (29.10)	39 (19.20)	55 (27.10)	31 (15.30)	19 (9.40)	203 (100)	2.67	1.22

Source: Primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

The first question forwarded to the respondents is regarding to whether information important to the success of Jimma University is being produced on a timely being or not. Accordingly, majority 129(63.60%) of the respondents agree or strongly agree indicating that the management is generating

portent information important for the achievement of the university. Even though few 44 (21.60%) disagree regarding the case and 30 (14.80%) have undecided response towards the issue.

Producing information by the management is meaningless unless such information are communicated and put in to practice by the employees on a timely basis. Regarding whether the information necessary for the achievement of the university objective is being communicated to each staffs of Jimma University, 104(51.30%) of the respondents witnessed that, the management is communicating such critical information generated to employees so that they put in to practice while few of them 75(27.10%) disagree or strongly disagree with the statement.

The management is also expected to have easily access to information that enables it to monitor irregularities and take corrective actions. From the question forwarded to the respondents we can see that 96(47.30 %) agree or strongly agree that the management do have easy access to such information and 63(31.10%) of the respondents indicate that, the management has no access to such an information. From the majority it can be concluded that, there is no significant problem created because of access to critical information.

Regarding whether Jimma university is getting feedback from stockholders such as alumni, the existing students, society, supplies and employers and others, majority of the respondents 93(45.80%) complain that the University is not getting feedback from such stockholders even though they do have ample information regarding services being provided to the public. Undeniably, the university have started to conduct a tresses' study to extract information from alumni and other stockholders while only 53(26.10%) argue that, the university have been Extracting such information previously.

The management is expected to develop an information system that enable workers to expose corrupt practices as occurred via such a system, than going to management personally and expose the case. Hence regarding whether such an information system is developed to employees to expose such irregularities or not, majority 104(51.30%) of the respondents indicated that, there is no such an information system to expose such irregularities. They further indicate that, some one might regret to go to management and expose irregularities to reduce the risk that might result from such exposures.

Finally, from table 4.16we can see that, the University has weakness is record keeping. The respondents witnessed that, student record, staff record and alumni records are not being kept appropriately by the record keepers.

Monitoring

This is concerned with reviewing the overall performance of an organization and transactions to evaluate the quality of performance over time and to assure that the system, of internal control as a whole is effective or not. To see whether the monitoring part is effective or not, same questions were forwarded to the respondents the result of which is mediated below.

Table 4.17 Employees Attitude towards monitoring system in Jimma University

S.No	Monitoring	DA	SDA	NEU	AG	SAG	Total	Mean	STD
		Count %	Count %	Count %	Count %	Count %	Count		
1	Plan and actual performance is compared to know whether there is deviation	44 (21.70)	35 (17.20)	36 (17.70)	52 (25.60)	36 (17.70)	203 (100)	3.05	1.37
2	There is proper channel to communicate performance from top to bottom	46 (22.70)	31 (15.30)	31 (15.30)	35 (17.20)	60 (29.60)	203 (100)	3.23	1.46
3	Summary of performance reports are used for planning and controlling purpose	53 (26.10)	40 (19.70)	46 (22.70)	42 (20.70)	22 (10.80)	203 (100)	2.77	1.28
4	Actions are being taken on wrong doings to teach other	68 (33.50)	39 (19.20)	48 (23.60)	31 (15.30)	17 (8.40)	203 (100)	2.60	1.20
5	Sources of all errors are identified and corrected accordingly	70 (34.50)	37 (18.20)	53 (26.10)	27 (13.30)	16 (7.90)	203 (100)	2.58	1.16

Source: Primary Data

(Where: DA is Disagree, SDA: is Strongly Disagree, NEU: is Neutral, AG: is Agree and SAG: is Strongly Agree)

The planned activities should be compared with the actual performance and if the deviation is negative, it is an indicative of the fact that the overall internal control is not effective in achieving the objective. Regarding whether the planed performance is being compared with the actual performance, majority of the respondents 88 (43.30%) agree or strongly agree that, the university is going good in comparing the actual performance with the planed one. Specially, they witnessed that the implementation of BSC will strengthen the comparison of the two and know the deviations and to take corrective actions if the actual performance is less satisfactory compared with the planned one. As it can be seen from table 4.17, they further agree that, the performance results are compared and being communicated to employees to know their weakness and improve it to achieve the mission of the university.

Regarding whether the summary of the previous performance is being used for planning the following periods activities and controlling their implementation, 93(45.8%) of the respondents disagree or strongly disagree by further explaining that critical emphasis is not being given to the weakness of the past to plan and decision making process. This resulted in suffering from one problem for more than two consecutive years and 64(31.50%) agree or strongly agree that, the results of the past year's performance is being used for planning and decision making process.

Furthermore, as it can be seen, from table 4.16 above, majority of the respondents witnessed that, there is a gap in making timely decision on wrong doing acts so that others could learn from the decision and in identifying the sources of errors and wrong acts and curbing them than dealing with wrong acts after they have already occurred.

In order to see the effectiveness of internal control in terms of the respective variables the questionnaire for the respective variables are summed up and finally tested using the descriptive statistics the result of which is indicated in the table 4.18 below.

Table 4.18 Effectiveness of overall internal control

	Control Environment	Risk Assessment	Payroll Related Control	Non Payroll Control	Assets Management	Human Resource Management	Information & Communication	Monitoring
N.Valid	203	203	203	203	203	203	203	203
Missing	0	0	0	0	0	0	0	0
Mean	27.6108	14.6552	42.0345	39.5025	52.0887	38.2118	23.9261	14.2315
Std. Deviation	8.98851	4.96815	14.30446	14.03686	13.47539	10.83172	7.36055	5.52497
Variance	80.793	24.682	204.618	197.033	181.586	117.326	54.178	30.525
Minimum	10.00	5.00	15.00	15.00	28.00	13.00	8.00	5.00
Maximum	50.00	25.00	75.00	75.00	95.00	65.00	40.00	25.00

Source: Primary Data

Effectiveness of internal control is measured in terms of the effectiveness of the entire components as a whole.

To achieve the purpose, the responses of the respondents are summed up across each component to show the total result towards each component.

About ten questions were forwarded to respondents the mean of which is expected to be 30.00. The result indicated that, the actual mean is 27.61 indicating that the cumulative response is approaching to neutral response.

Similarly, five questions were forwarded to the respondents. The mean response is expected to be 15 and the actual mean is 14.65 which also indicate that almost all respondents have neutral response towards the risk assessment practice in Jimma University.

Regarding payroll related controls, the mean response 42.03 further indicate that the response of majority of the respondents is between disagreement and neutral. Similarly, the mean response for non-payroll related payments control is 39.50 which indicate that the response of majority of the respondents is between disagreement and neutral.

Similar test was made for measuring the effectiveness of control over assets management, human resource practices, information and communication and monitoring activities. The mean computed indicate that, majority of the respondents have a response that approaches to neutral.

Generally even though the cumulative response indicates the fact that the response is approaching to neutral, the individual analysis of each question across each components used reveals there are certain areas that need special attention of the management.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. SUMMARY OF THE FINDINGS

From the results obtained through questionnaire the following summaries have been made

- As they are the administrative workers who are responsible for internal control, about 72.40% of the respondents are administrative staffs and the remaining 27.60 % are academic staffs.
- In terms of sex composition, about 81.30 % of the respondents are male and the remaining 18.70 % are females indicating the fact that majority of the employees in Jimma University are males.
- Regarding the work experience in the university, majority (67.90%) have work experience between three years to twelve years and the they are only 9.9 % who have experience of more than twelve years
- Concerning the position held in the university, majority of the respondents 70% are those who does not held any managerial position and balance (30 %) are those who held managerial position and who are responsible for monitoring the effectiveness of internal control system of the university.
- Regarding the academic qualification, majority (55.7%) of the respondents are those first degree holders and there are few respondents (3%) of PhD holders who take part as a respondents.
- From the efforts made to identify whether the attitude of employees towards the effectiveness of the control environment vary with variations in demographic variables the chi-square test indicated that, the difference in demographic variables does not lead to difference in opinion except that as the academic qualification increases the satisfaction towards the control environment decreases. The chi- square test also made to see whether the difference in demographic variables resulted in difference in attitude towards the effectiveness of risk assessment practice in Jimma University. Accordingly, the result indicates that, the difference among respondents in terms of sex and academic qualification resulted in deference in opinion towards risk assessment practice. The result show that, females and those who are academically more qualified are more dissatisfied with the effectiveness of risk assessment practice in Jimma University than males and those with less academic qualification.
- Concerning whether the difference in demographic variables has resulted in deference in opinion towards the effectiveness of internal control over payroll related payments among employees of Jimma University, the computation of chi-square test indicated that work experience and

academic qualification are the major factor that causes difference in opinion among respondents.

The result further indicate that, as years of service and academic qualification increases, the satisfaction on the effectiveness of internal control over payroll related payments decrease.

- From the test made to see whether the difference in the demographic variables resulted in difference in opinion among the respondents towards the effectiveness of control over non-payroll payments, the computation of chi-square indicated that, as work experience in the University increases, the satisfaction on effectiveness of control over non-payroll related payments decrease. Similarly, those who held non managerial position and academically more qualified are dissatisfied with the effectiveness of internal control over non payroll related payments than those who held managerial position and academically less qualified.
- Concerning control over assets of the university, majority of the respondents along with all demographic characteristics do have neutral opinion towards the effectiveness of control over assets of the university and small number of respondents across each demographic variables are dissatisfied with the effectiveness of control over human resource management practice in the University.
- The Computation of chi-square test made to see the variability of response among the employees towards the effectiveness of internal control over information and communication system in Jimma University indicates that, administrative staffs are more dissatisfied than academic staffs. Similarly, the test indicates that as academic qualification increases, the dissatisfaction with the effectiveness of information and communication in Jimma University increases but the satisfaction on the effectiveness of monitoring system increases across all demographic variables.
- From the individual analysis of each questionnaire we can understand that, majority of the respondents are not satisfied with the chain of command in the university. The result further indicates that, the management has not decentralized authority with resource required to exercise the authority.
- Majority 87(42.8%) of the respondents clearly indicated that, employees do not know what they are expected to do (job description) and those who know does not refer their job description while discharging their responsibilities.
- With regard to proper utilization of resources, majority at (47.30%) of the respondents indicated that, the universities haven't provided sufficient training a proper utilization of the University's resources.

- The result of the study indicated that the universities have no sufficient man power both in number and in qualification some areas such as technology and medical college even through the students intake in this college are more than the other areas.

Concerning the risk assessment practice in Jimma University

- Majority 86(42.40%) of the respondents agree that, employees are not familiar with vision, mission goals and objectives of the university. They further indicate that, the university is not identifying risks before their occurrence.
- It has also been indicated that, the critical activities at department level are not being identified with the critical risks that may impair their achievement.

With regard to control activities:

- There is no proper communication among finance and human resource department concerning employees who leave the university. The respondent claim that, the human resource departments does not provide timely information about employees who leave the university and as that the finance department will remove the list of such employees from the payroll sheet. The result further indicated that, the cashiers are not respecting their time and are not checking personal information such as employee ID, name and other pertinent information before making payment to employees that resulted in making payment to those who do not deserve the payment.
- The result of the study indicated that, there is a gap of checking the ordered across the actual goods. It further indicated that, the purchasers are not being equipped with continuous training on matters such as purchasing ethics.
- The response obtained from the respondents also indicated that, there is a gap in providing materials required for different colleges on a timely basis and required amount.
- About 133 (65.5%) of the respondents indicated the fact that disposal of assets is not being made at appropriate period.
- It is also indicated that, the computers, and powers are not being made off during non- office hours. The respondents also agree that, improper utilization of water, vehicles; medical equipments, supplies and medicines are the critical problems in Jimma University.
- Regarding the human resource practices the majority response indicated that, there is a critical problem in recruitment, training and development disciplining of staffs. The respondents

further complain that, qualification, previous employment history, criminal records and medical fitness of the employees are not being checked at the time of employment.

- The response obtained from the respondents indicated that, the university was not generating pertinent information from various stakeholders even through the tracers study is a good start. But, the critical problem in relation to information and communication in Jinma University is the absence of information system through which one can communicate miss-utilization of assets and other wrong doing acts without going to the management personally.
- The result of the study indicated that the summary of the previous year's performance is not being used for penning and decision making process of the current period.

5.2. CONCLUSIONS

From the summary made, the following conclusions had reached.

- ❖ Lack of decentralization of authorities with the resource required to exercise such authorities.
- ❖ Less effort has been made by the management to familiarize employees with job description so that one can accomplish his/her responsibility as expected.
- ❖ Absence of trainings to employees on how to utilize resources of the university in an effective and efficient manner.
- ❖ Shortage of sufficient and competent man power in some departments.
- ❖ Less awareness of employees with visions, mission, goals and objective of the University which created difficulty to work towards the achievement of the vision, mission goals and objectives.
- ❖ Less effects has been made by some departments to identify critical activities essential for the achievement of the objectives with risks that might impair it.
- ❖ Poor commutation between human resource and finance department that resulted in payment of university's cash to those who do not deserve the payment.
- ❖ Negligence from the cashers to identify the person to whom they are making payment by checking the Id, Name and other personal information before making payments.
- ❖ Less effort is being made by the purchasing department in comparing the goods delivered by the suppliers against the specification.
- ❖ Depreciated plant assets disposal practice in the university is poor. The corridors and offices of various colleges had suffocated with the depreciated assets of the university such as tables, chairs, computers, printers and other materials.
- ❖ Less effort is being made by the management to control costs resulted from loss of water, electricity, computers and others that might seem immaterial.
- ❖ Poor management of vehicles of the university. The result indicated that, the vehicles are being used by the managers and drivers of the university as their personal property not as the property of the Institution.
- ❖ Poor management of human resource practices as recruitment, training and development and disciplining.
- ❖ Poor information and communication system specially in using information system to obtain information from employees on unethical practices.
- ❖ Less effort are being made by the university management in using the results of the past as a bench make for planning the current and future fate of the university.

5.3. RECOMMENDATIONS

Based upon the findings, the following recommendations were forwarded believing that the application will reduce the observed problems.

- ❖ The management is expected not only to decentralize activities but also the resource required to discharge these responsibilities. Therefore, it is advisable to empower colleges with the financial resource needed to perform duties.
- ❖ The respondent's claim, that they are not aware of the job description. Therefore, it is advisable to prepare job descriptions at a given position in a pocket sized manual and hand it over to employees to avoid the confusions of what to do.
- ❖ Continuous trainings are expected to be given to employees to enable them utilize resources in an efficient and ethical manner.
- ❖ The result of the study indicated that, there are certain colleges that do not have sufficient and competent man power. Hence, the university is expected to work hard to make the ratio of students to teacher proportionate to reasonable level.
- ❖ Employees claim that, they are not familiar with vision, mission, goals and objectives of the university. Therefore, the university management is expected to work hard to avail the missions, visions, objectives at college level and provide training on it so that everyone becomes familiar with it and work towards achieving the mission, vision, goal and objectives.
- ❖ All departments are expected to identify critical activities that are essential to the achievement of the department objective with the possible risks. This might enable each department not to be strange for risks if they actually occur.
- ❖ The respondents claim that, there is poor communication among various departments. Therefore, human resource, finance and other departments are expected to share updated information to identify the employees to whom payments are expected to be made.
- ❖ Cashers are expected to respect their office time and also should check personal information such as Id No and other pertinent information before making payment to avoid payment to those who do not deserve it.
- ❖ Purchasing department should compare the actual goods delivered by the suppliers against the goods ordered and also should provide colleges with the goods of required quantity and quality.

- ❖ The finding of the study indicated that, disposal of assets are not being made properly. Therefore, each colleges and institutes of the university should avoid unnecessary suffocation of corridors by depreciated equipments such as tables, chair, computers, printers, and other machineries.
- ❖ The administration at the college level is expected work hard to make sure that computer, electric powers are off during non office hours to minimize loss of water.
- ❖ The management should take serious actions to utilize vehicles of the university in a proper manner. The drivers should be trained and equipped with driving ethics, proper utilization of resource. In addition, the vehicle administration section should fix time not only to leave, but also to come back to university after accomplishing their purpose.
- ❖ The management should give due attention to human resource practices and procedures. Qualification, previous employment history, medical fitness and criminal records of the candidate should be checked in order not to recruit employees who is: less qualities & who does not fit to the position, who is already employed in other governmental or nongovernmental organizations, medically not fit to that position and have criminal case.
- ❖ The management should develop information system or center through which one can communicate any kind of misconduct in form of mail or telephone. This could minimize the fear the person who is exposed may cause some sort of damage on the one who exposed him/her by going to the management in person.

References

1. Andrew Chambers, (2009), *Implementing effective internal control system*
2. Angella Amudo, (2009), *Evaluation Of Internal Control Systems International Research Journal of Finance and Economics*
3. Arens et al (2006). *Auditing, An Integrated Approach 7th ed.* Prentice Hall Int'l:
4. Baxter, W. T. (1989). Early accounting: The tally and checkerboard. *Accounting Historians Journal*, 16(2), 43–83.
5. Bishop, W. G., III (1991, June). "Internal Control—What's That?" *Internal Auditor*, 117-123.
6. Carmack, P. S. J. (2003, December 2). *The money changers*. Retrieved November 27, 2007, from <http://reactor-core.org/money-changers.html>
7. Colbert, J. L., and Bowen, P. L. (1996). "A Comparison of Internal Controls: COBIT, SAC, COSO and SAS 55/78." *IS Audit and Control Journal*, 4, 26-35.
8. COSO (1992), Committee of Sponsoring Organization of Treadway Commission. *Internal Control Integrated Framework*, www.COSO.org.
9. COSO (1994), Committee of Sponsoring Organization of Treadway Commission. *Internal Control Integrated Framework*, www.COSO.org.
10. David Brewer and William (n.d) *Measuring Effectiveness of Internal Control*. available at <http://www.gammasl.co.uk/research/time040317.pdf> assessed on 13 November 2012
11. Denise Dickins (nd) Frameworks for establishing and evaluating internal controls East Carolina University. *Journal of Case Research in Business and Economics* Available at <http://www.aabri.com/manuscripts/10638.pdf>. Assessed on 27 December 2011
12. Enterprise Risk Management – Integrated Framework”, COSO, 2004, www.COSO.org.
13. ETHIOPIAN GOVERNMENT, (2003), INTERNAL CONTROL STANDARDS, (*Under the Ethiopian “Civil Service Reform Program: Expenditure Management and Control Sub-program; External Audit Project”*), February 2003, Addis Ababa
14. Federal Democratic of Ethiopia Ministry of Education (MoE, 2010), *Educational Statistics Annual Abstract*, Education Management Information, Addis Ababa, Ethiopia
15. Galloway, D. J. (1994). "Control Models in Perspective." *Internal Auditor* December: 46-52.
16. Ghelawdewos Araia, *Ethiopia: The Political Economy of Transition*, University Press of America, 1995
17. Institute of Development and Education for Africa (IDEA), Inc.: *EA4U: Anew University for Ethiopia*. Available at www.africanidea.org/eaau.html

18. Karen Ton, 2009, what factors are linked with the deterioration of internal controls? Available at www.usc.edu/.../FBE/seminars/papers/ARF_9-18-09_TON.doc Assessed on November 13 2012
19. KJ Henderson (n.d), *Components of internal control Structure*. Available at smallbusiness.chron.com/components-internal-control
20. Langfield-Smith, K. (1997), *Key Components of Internal Control* available at link.springer.com/chapter/10.1007%2F978-3-7908-2882-5_3
21. Lembi Noorvee, (2006), *Evaluation of The Effectiveness of Internal Control Over Financial Reporting*
22. Natan Morelo, (2011), *The impact of internal control in the Brazilian public administration* Available at http://www.gwu.edu/~ibj/minerva/Spring2011/Natan_Morelo.pdf Assessed on December 15 2012
23. OFAG, (2005), *ETHIOPIAN AUDITING STANDARDS^o FOR PERFORMANCE AND ENVIRONMENTAL AUDITS*, External Audit Project August 2003 ,Core teams from OFAG, OAGANRS and OAGBGNRS 2005,Reviewed and updated by Cowater International Inc. under the ACE Project Nov 2005
24. Simons, R. (1995), *Levers of Control; How Managers Use Innovative Control Systems To Drive Strategic Renewal*, Harvard Business School Press, and Boston, MA.
25. International Organization of Supreme Audit Institutions (INTOSAI, 2004), *Guidance for Reporting on the Effectiveness of Internal Controls: SAI Experiences In Implementing and Evaluating Internal Controls*, available www.issai.org
26. TeshomeYizengaw, *Transfer in Higher Education: Experience with Reforms and Expansion in Ethiopian Higher Education System*, September 23-25, 2003 7. MihalyCsikszentmihaly, *Creativity*, Harper Perennial, 1997
27. UNESCO: *World Declaration and Framework in Higher Education*
28. V. J. Ravishankar et al, (2010), *Ethiopia Education Public Expenditure Review*
29. WANG Hail in *Internal Control of China Enterprise Based on IT*
30. World Bank: *Higher Education Development for Ethiopia: Pursuing the Vision*, January 20, 2003

This research work is conducted by the researchers and had been dully reviewed by the college of Business and Economics CBE, Post graduate and research coordinating office.

Name

Signature

Investigator

Kenenisa Lemie

Co- Investigator

Matiwos Kebede

Reviewer

Nebiyat Nigussie



This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 3.0 License.

To view a copy of the license please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>

This is a download from the BLDS Digital Library on OpenDocs
<http://opendocs.ids.ac.uk/opendocs/>